

**OPPORTUNITIES FOR USE OF THE  
GENERALIZED SYSTEM OF PREFERENCES (GSP) PROGRAM  
BY THAILAND**



**Prepared by the  
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## The GSP Program

Congress created the U.S. GSP program in 1974, with broad bipartisan support, to expand the choices of American industry and consumers while creating economic opportunities in developing countries. The GSP program provides preferential duty-free treatment for 3,400 products from 134 designated beneficiary developing countries (BDCs) and territories. Year-to-date (YTD) Jan-Nov 2006 imports under GSP totaled \$30.0 billion, which is an increase of 22.6 percent over the same period a year ago.

In 1996, an additional 1,400 articles from just least developed beneficiary developing countries (LDBDCs) were made eligible for duty-free treatment. There are 43 LDBDCs currently eligible.

The combined GSP-eligible product lists include most dutiable manufactures and semi-manufactures, and selected agricultural, fishery, and primary industrial products. Top U.S. GSP imports in YTD 2006 were petroleum, gold jewelry, aluminum alloy products, refined copper cathodes, methanol, and silver jewelry. Certain articles are prohibited by the GSP statute (19 USC Section 2463) from receiving GSP treatment, including most textiles, watches, footwear, handbags, luggage, flat goods, work gloves, and other leather apparel. Attachment A is a list of textiles and apparel articles which are eligible for GSP duty-free treatment.

A GSP-eligible import must meet the following requirements:

- It must be included as a GSP-eligible article (designated as A, A+ or A\* in the Harmonized Tariff System of the United States).
- It must be imported into the United States directly from Thailand, or pass through another country in a sealed container.
- Thailand must be eligible for GSP treatment for that article.
- The article must be the growth, product, or manufacture of Thailand.
- When inputs for a product are imported from elsewhere, the sum of the cost or value of materials produced in Thailand plus the direct costs of processing must equal at least 35 percent of the product's appraised value when the product is sold for export into the United States. Imported materials can be counted toward the 35 percent value-added requirement only if they are "substantially transformed" into new and different constituent materials which are then used to produce or manufacture the eligible article to be exported. "Substantially transformed" means that U.S. customs would classify the constituent materials as different items.
- The exporter/importer must request duty-free treatment under GSP by placing an "A," "A+," or "A\*" before the U.S. tariff line (HTSUS) number that identifies the imported article on form 7501.

### GSP Handicraft items

Eighteen GSP beneficiary countries can also export several certified handicraft items duty-free under GSP because the countries have "certified textile handicraft arrangements" with the United States. Thailand has entered into such an arrangement with the United States. The items which receive duty-free treatment through this arrangement include hand-loomed carpets, wall hangings, and pillow covers.

### Need more information?

For more information about the GSP program, including complete product lists, go to:  
[http://www.ustr.gov/Trade\\_Development/Preference\\_Programs/GSP/Section\\_Index.html](http://www.ustr.gov/Trade_Development/Preference_Programs/GSP/Section_Index.html)

We are also available by phone at 202-395-6971 or by email: [contactustr@ustr.eop.gov](mailto:contactustr@ustr.eop.gov)

## **Potential for Increased Imports from Thailand Under the Generalized System of Preferences (GSP)**

### **Overview of Thailand's exports:**

- The United States was the leading market for Thailand's merchandise exports in YTD 2006 (January-November), accounting for 15 percent of the country's exports to the world (Table 1).
- Japan and China followed, purchasing 13 percent and 9 percent, respectively, of Thailand's exports in YTD 2006 (Table 1).
- Thailand's exports to China rose by 30 percent in YTD 2006 compared with 16 percent for exports to the United States and 10 percent for exports to Japan (Table 1).

<b>Market</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
United States	14,089	15,512	18,070
Japan	12,292	13,841	15,170
China	6,401	8,209	10,677
Singapore	6,352	6,796	7,831
Hong Kong	4,487	5,543	6,527
Malaysia	4,839	5,203	6,121
Australia	2,228	2,914	3,977
United Kingdom	2,723	2,555	3,150
Taiwan	2,379	2,453	3,075
Indonesia	2,873	3,716	3,062
Netherlands	2,367	2,472	2,956
Vietnam	1,690	2,129	2,842
South Korea	1,671	2,020	2,426
Philippines	1,696	1,884	2,389
Germany	<u>1,627</u>	<u>1,802</u>	<u>2,122</u>
<b>Subtotal</b>	67,714	77,049	90,395
All other	<u>20,779</u>	<u>23,394</u>	<u>29,064</u>
<b>Total</b>	88,493	100,443	119,459

Compiled from the World Trade Atlas, Thailand edition.

### **U.S. imports from Thailand under GSP:**

- U.S. imports under GSP accounted for 19 percent of total U.S. imports from Thailand in YTD 2006 (Table 2), growing by 21 percent in YTD 2006 over YTD 2005, as compared with 12-percent growth for all other imports from Thailand (Table 2).

**Table 2. Total U.S. Imports from Thailand  
Annual 2004-05 and Year-To-Date (January – November) 2005 and 2006**

Import Program	2004	2005	2005 YTD	2006 YTD	Percent Change YTD2005 - YTD2006
	<i>In Actual Dollars</i>				
No program claimed	14,360,772,366	16,222,976,648	14,872,469,449	16,664,169,523	12.0%
GSP	3,143,243,191	3,575,229,715	3,237,002,287	3,918,665,629	21.1%
Civil Aircraft	4,795,298	4,301,038	3,985,932	4,477,482	12.3%
Pharmaceuticals	1,001,486	8,678	8,678	1,006,378	11,496.9%
<b>Total</b>	<b>17,509,812,341</b>	<b>19,802,516,079</b>	<b>18,113,466,346</b>	<b>20,588,319,012</b>	<b>13.7%</b>

- The leading U.S. imports from Thailand under GSP in YTD 2006, based on trade value, (Table 3) were:
  - Jewelry of precious metal (24 percent of the total)
  - Television receivers (6 percent)
  - New pneumatic tires of rubber (5 percent)
  - Certain motor vehicle parts (4 percent)
  - Polyacetals, other polyethers and epoxide resins, polycarbonates, alkyds, polyallyl esthers and other polyesters, in primary forms (4 percent)
  - Articles for the conveyance or packing of goods, of plastics; stoppers, lids, caps and other closures, of plastics (2 percent)
  - Certain food preparations (2 percent)
  - Electric water heaters, space heaters, curling irons, hand dryers, and flat irons (2 percent)
  - Picture frames of wood (2 percent)
  - Air conditioners (2 percent)
  - Wiring harnesses (2 percent)
  - Polymers of ethylene, in primary forms (2 percent)
  - Apparel of unhardened vulcanized rubber (2 percent)
  - Kitchen and other household articles of iron or steel (2 percent)

**Table 3. Leading U.S. Imports from Thailand under GSP  
Annual 2004-05 and Year-To-Date (January – November) 2005 and 2006**

HTS Number	2004	2005	2005 YTD	2006 YTD	Percent Change YTD2005 - YTD2006
	In 1,000,000 Dollars				
7113 ARTICLES OF JEWELRY AND PARTS THEREOF, OF PRECIOUS METAL OR OF METAL CLAD WITH PRECIOUS METAL	678	777	711	922	29.8%
8528 TELEVISION RECEIVERS, INCLUDING VIDEO MONITORS AND	187	180	163	216	33.0%

VIDEO PROJECTORS					
4011 NEW PNEUMATIC TIRES, OF RUBBER	40	119	110	183	67.4%
8708 PARTS AND ACCESSORIES FOR TRACTORS, PUBLIC- TRANSPORT PASSENGER VEHICLES, MOTOR CARS, GOODS TRANSPORT MOTOR VEHICLES AND SPECIAL PURPOSE MOTOR VEHICLES	99	133	123	174	41.7%
3907 POLYACETALS, OTHER POLYETHERS AND EPOXIDE RESINS, IN PRIMARY FORMS; POLYCARBONATES, ALKYDS, POLYALLYL ESTERS AND OTHER POLYESTERS, IN PRIMARY FORMS	93	124	103	168	63.8%
3923 ARTICLES FOR THE CONVEYANCE OR PACKING OF GOODS, OF PLASTICS; STOPPERS, LIDS, CAPS AND OTHER CLOSURES, OF PLASTICS	82	142	130	88	-31.9%
2106 FOOD PREPARATIONS NESOI	51	66	59	79	32.5%
8516 ELECTRIC WATER HEATERS ETC., SPACE AND SOIL HEATING APPARATUS; ELECTROTHERMIC HAIR APPARATUS (CURLERS ETC.), HAND-DRYERS, FLATIRONS ETC.; PARTS	4	36	30	70	133.4%
4414 WOODEN FRAMES FOR PAINTINGS, PHOTOGRAPHS, MIRRORS OR SIMILAR OBJECTS	78	66	61	69	12.7%
8415 AIR CONDITIONING MACHINES, COMPRISING A MOTOR-DRIVEN FAN AND ELEMENTS FOR CHANGING THE TEMPERATURE AND HUMIDITY; PARTS THEREOF	41	46	40	67	67.8%
8544 INSULATED WIRE, CABLE AND OTHER INSULATED ELECTRICAL CONDUCTORS; OPTICAL FIBER CABLES, OF INDIVIDUALLY SHEATHED FIBERS, WITH CONDUCTORS ETC. OR NOT	147	88	83	65	-22.0%
3901 POLYMERS OF ETHYLENE, IN PRIMARY FORMS	4	53	35	60	68.3%
4015 ARTICLES OF APPAREL AND CLOTHING ACCESSORIES (INCLUDING GLOVES), FOR ALL PURPOSES, OF UNHARDENED VULCANIZED RUBBER	53	59	53	59	12.0%
7323 TABLE, KITCHEN OR OTHER HOUSEHOLD ARTICLES AND PARTS THEREOF, OF IRON OR STEEL; IRON OR STEEL WOOL; POT SCOURERS, SCOURING PADS ETC., OF IRON OR STEEL	55	63	58	59	1.4%
9001 OPTICAL FIBERS AND OPTICAL FIBER BUNDLES; OPTICAL FIBER CABLES NESOI; SHEETS AND PLATES OF POLARIZING MATERIAL; OPTICAL ELEMENTS, UNMOUNTED	37	55	51	56	10.3%
9506	72	63	58	56	-2.7%

ARTICLES AND EQUIPMENT FOR GENERAL PHYSICAL EXERCISE ETC. OR OUTDOOR GAMES NESOI; SWIMMING POOLS AND WADING POOLS; PARTS AND ACCESSORIES THEREOF					
7006 GLASS (CAST, ROLLED, DRAWN, BLOWN OR FLOAT, SURFACE GROUND, ETC.) BENT, EDGE-WORKED, ENGRAVED, ENAMELED OR OTHERWISE WORKED, NOT FRAMED OR FITTED	74	48	43	52	22.1%
8501 ELECTRIC MOTORS AND GENERATORS (EXCLUDING GENERATING SETS)	43	38	35	52	49.3%
7615 TABLE, KITCHEN OR OTHER HOUSEHOLD ARTICLES AND PARTS THEREOF, OF ALUMINUM; POT SCOURERS ETC. OF ALUMINUM; SANITARY WARE AND PARTS THEREOF, OF ALUMINUM	3	60	50	51	3.3%
6910: CERAMIC SINKS, WASHBASINS AND PEDESTALS, BATHS, BIDETS, WATER CLOSET BOWLS AND FLUSH TANKS, URINALS AND SIMILAR SANITARY FIXTURES	25	39	36	47	32.4%
8537: BOARDS, PANELS ETC. WITH TWO OR MORE APPAR FOR SWITCHING ETC. ELEC CIRCUITS (HEADING 8535, 8536) OR OPTICAL ETC. INSTRUMENT OF CHAPTER 90; N/C APPAR	7	34	28	44	57.2%
2202: WATERS, INCLUDING MINERAL WATERS AND AERATED WATERS, CONTAINING ADDED SWEETENING OR FLAVORED, AND OTHER NONALCOHOLIC BEVERAGES NESOI	27	32	28	41	43.7%
8301: PADLOCKS AND LOCKS, INCLUDING CLASPS AND FRAMES WITH CLASPS, INCORPORATING LOCKS, OF BASE METAL; KEYS AND PARTS OF THE FOREGOING, OF BASE METAL	22	28	25	40	59.0%
2008: FRUIT, NUTS AND OTHER EDIBLE PARTS OF PLANTS, OTHERWISE PREPARED OR PRESERVED, WHETHER OR NOT CONTAINING ADDED SWEETENING OR SPIRIT, NESOI	36	39	35	37	5.7%
8527: RECEPTION APPARATUS FOR RADIOTELEPHONY, RADIOTELEGRAPHY OR RADIOBROADCASTING, WHETHER OR NOT COMBINED WITH SOUND RECORDING OR REPRODUCING APPARATUS	38	50	47	34	-26.0%
8504: ELECTRICAL TRANSFORMERS, STATIC CONVERTERS OR INDUCTORS; POWER SUPPLIES FOR ADP MACHINES OR UNITS; PARTS THEREOF	30	28	26	32	26.3%
8481: TAPS, COCKS, VALVES AND SIMILAR APPLIANCES FOR PIPES, BOILER SHELLS, TANKS, VATS OR THE LIKE; PARTS THEREOF	23	23	21	32	53.7%
3910: SILICONES, IN PRIMARY FORMS	7	21	18	31	67.3%
4203: ARTICLES OF APPAREL AND CLOTHING ACCESSORIES, OF LEATHER OR COMPOSITION LEATHER	32	31	29	31	5.1%
8421: CENTRIFUGES, INCLUDING CENTRIFUGAL DRYERS; FILTERING OR PURIFYING MACHINERY AND APPARATUS, FOR LIQUIDS OR GASES; PARTS THEREOF	16	26	24	29	18.4%
3926: ARTICLES OF PLASTICS AND ARTICLES OF POLYMERS AND RESINS OF HEADINGS 3901 TO 3914, NESOI	20	37	35	27	-23.6%

3920: PLATES, SHEETS, FILM, FOIL AND STRIP, EXCEPT SELF-ADHESIVE, OF PLASTICS, NON-CELLULAR, NOT REINFORCED, LAMINATED ETC. OR COMBINED WITH OTHER MATERIALS	25	26	23	26	11.4%
6912: CERAMIC TABLEWARE, KITCHENWARE, OTHER HOUSEHOLD AND TOILET ARTICLES, OTHER THAN OF PORCELAIN OR CHINA	31	28	26	26	0.0%
9002: OPTICAL ELEMENTS (INCLUDING LENSES, PRISMS AND MIRRORS), MOUNTED, EXCLUDING ELEMENTS OF GLASS NOT OPTICALLY WORKED; PARTS AND ACCESSORIES THEREOF	28	29	26	25	-6.3%
8414: AIR OR VACUUM PUMPS, AIR OR OTHER GAS COMPRESSORS AND FANS; VENTILATING OR RECYCLING HOODS INCORPORATING A FAN, WITH OR WITHOUT FILTERS; PARTS THEREOF	124	23	21	24	13.5%
3924: TABLEWARE, KITCHENWARE, OTHER HOUSEHOLD ARTICLES AND TOILET ARTICLES OF PLASTICS	26	25	23	23	0.9%
4016: ARTICLES NESOI, OF UNHARDENED VULCANIZED RUBBER	21	25	23	22	-3.3%
8103: TANTALUM AND ARTICLES THEREOF, INCLUDING WASTE AND SCRAP	32	11	10	22	112.5%
1902: PASTA, WHETHER OR NOT COOKED OR STUFFED OR OTHERWISE PREPARED, INCLUDING SPAGETTI, LASAGNA, NOODLES ETC.; COUSCOUS, WHETHER OR NOT PREPARED	19	18	17	21	23.2%
8302: MOUNTINGS AND OTHER HARDWARE FOR FURNITURE, DOORS, WINDOWS ETC.; HATRACKS, CASTORS ETC.; DOOR CLOSURES; THE FOREGOING AND PARTS THEREOF, OF BASE METAL	26	34	32	21	-35.3%
7117: IMITATION JEWELRY	20	26	24	20	-17.0%
8525: TRANSMISSION APPARATUS FOR RADIOTELEPHONY, RADIOTELEGRAPHY, RADIOBROADCASTING OR TV; TV CAMERAS; STILL IMAGE VIDEO CAMERAS AND RECORDERS	3	11	8	20	156.9%
1704: SUGAR CONFECTIONARY (INCLUDING WHITE CHOCOLATE), NOT CONTAINING COCOA	14	23	21	19	-9.0%
7412: COPPER TUBE OR PIPE FITTINGS (FOR EXAMPLE, COUPLINGS, ELBOWS, SLEEVES)	10	10	9	19	98.8%
4420: WOOD MARQUETRY AND INLAID WOOD; CASES ETC. FOR JEWELRY OR CUTLERY AND SIMILAR ARTICLES, STATUETTES AND OTHER ORNAMENTS, OF WOOD; WOOD FURNITURE NESOI	18	18	16	19	14.2%
3904: POLYMERS OF VINYL CHLORIDE OR OF OTHER HALOGENATED OLEFINS, IN PRIMARY FORMS	2	11	10	18	86.0%
4009: TUBES, PIPES AND HOSES, OF UNHARDENED VULCANIZED RUBBER	17	20	18	17	-8.6%
8536: ELECTRICAL APPARATUS FOR SWITCHING OR PROTECTING ELECTRICAL CIRCUITS, OR FOR MAKING CONNECTIONS TO OR IN ELECTRICAL CIRCUITS, VOLTAGE NOT OVER 1,000 V	15	16	14	15	6.0%
3921: PLATES, SHEETS, FILM, FOIL AND STRIP NESOI, OF PLASTICS	7	15	13	15	18.0%

2103: SAUCES AND PREPARATIONS THEREFOR; MIXED CONDIMENTS AND MIXED SEASONINGS; MUSTARD FLOUR AND MEAL AND PREPARED MUSTARD	12	13	12	15	26.2%
Subtotal :	2,572	2,985	2,693	3,358	24.7%
All Other:	571	590	544	561	3.1%
Total	3,143	3,575	3,237	3,919	21.1%

Sources: Data compiled from tariff and trade data from the U.S. Department of Commerce and the U.S. International Trade Commission.

**GSP-eligible articles from Thailand for which preferences were not claimed:**

- U.S. imports from Thailand that were eligible for duty-free entry under GSP but did not claim that eligibility when the imports were entered during January-October 2006 were valued at over \$500 million. See Attachment A for a table listing those imports.
- The leading articles from Thailand that were eligible for entry under GSP, based on trade value, but did not claim preferential treatment for some or all entries during January-October 2006 were:
  1. Certain large screen flat panel color television receivers
  2. Certain imitation jewelry
  3. Certain silver jewelry
  4. Certain television cameras
  5. Wiring harnesses for vehicles
  6. Certain gold jewelry
  7. Certain measuring and checking instruments
  8. Certain consoles and the like equipped with apparatus for electrical controls
  9. Certain static converters
  10. Radio-tape player combinations for motor vehicles
  11. Headphones, earphones, and combination microphone/speaker sets, other than telephone handsets
  12. Certain parts of air-conditioning machines
- For some of the above listed articles, the value added in Thailand may not have met the 35 percent requirement for eligibility under GSP. Certain articles assembled in Thailand rely heavily on imported components, such as television and telephone equipment, wiring harnesses, and audio equipment. Gold and silver jewelry set with imported diamonds are not eligible for GSP because the value of the diamonds far exceeds the value of the locally produced setting.
- Exporters and importers new to international trade may not be aware that the articles they are trading are eligible for preferential treatment, such as GSP. Embassy commercial staff and national trade associations can use a listing such as Attachment A to help identify companies that may need to be contacted to ensure that they are aware that use of the GSP program can make their product more price-competitive in the U.S. market.

**Thai articles with the potential for increased exports to the United States under GSP:**

- In order to identify articles currently eligible under GSP for which Thailand has the potential to increase its exports to the United States, we looked for the following factors: (1) significant exports of GSP-eligible articles to third countries (indicating that Thailand is a globally competitive supplier of those articles); (2) the share of Thailand's exports going to the United States is low relative to that of other leading markets (indicating there may be an untapped market in the United States); and (3) the rate of duty is over 3 percent (indicating that the duty-saving from use of GSP may be sufficient to offset the increase record keeping requirements when declaring eligibility for tariff preferences).

- For GSP-eligible articles, the types of goods that Thailand exports to the United States is similar to the goods it exports to the rest of the world. There are exceptions, however.
- Table 4 provides five products as examples of GSP-eligible articles that meet the criteria described above. These products are processed chicken and various chemicals. The relatively high MFN rates of duty (over six percent ad valorem) may give the articles from Thailand a price advantage over imports of comparable articles from countries that are not eligible for duty-free entry into the United States.
- The approach used in Table 4 to identify GSP articles with the potential for expanded exports to the United States is just the starting point for further research.

<b>Table 4. Examples of GSP-eligible articles for which Thailand may have the potential to expand its exports to the United States</b>						
HS number and description	U.S. MFN tariff	Thailand exports January-November 2006				U.S. share of total
		Total	Top market	Second market	United States	
						<i>Percent</i>
1602.32 Prepared or preserved chicken meat	6.4%	698.7	310.4 Japan	230.2 U.K.	.008	0.001
3505.10 Dextrins and other modified starches	0.7 cents/kg	268.2	93.1 Japan	36.2 China	13.5	5.1
3902.10 Polypropylene	6.5%	391.9	173.3 Hong Kong	46.3 Vietnam	0.6	0.1
3903.19 Other polystyrene	6.5%	213.3	136.7 Hong Kong	31.9 China	4.1	1.9
3903.30 ABS copolymers	6.5%	220.1	115.9 Hong Kong	34.8 China	6.2	2.8

Source: World Trade Atlas.