

Turkey and the U.S. Generalized System of Preferences (GSP) Program

The U.S. GSP program began operation in 1974. It provides preferential duty-free treatment for 3,474 products from 131 designated beneficiary developing countries, including Turkey. U.S. imports under GSP in 2006 from all beneficiaries totaled USD 32.6 billion, an increase of 22 percent over 2005. Non-petroleum U.S. imports under GSP have increased 6 percent from January through April 2007, as compared to the same period last year.

What's GSP Eligible (and Not): most dutiable manufactured items and inputs; certain agricultural, fishery, and primary industrial products. Not eligible for GSP are textiles and apparel made with cotton, wool, manmade fiber, other vegetable fiber (linen and ramie); watches; certain footwear and handbags; luggage; flat goods not of silk; work gloves; and other leather items.

Turkey's Success Using GSP Preferences

Approximately 20 percent of all U.S. imports from Turkey entered under the GSP program from 2004 through 2006. In the first four months of 2007, this percentage has increased to 24 percent, while overall U.S. imports of Turkey dropped 15 percent. The 2006 trade value of U.S. imports from Turkey entering under the GSP program (USD 1.13 billion) ranked the country as the six largest user of GSP benefits among 131 beneficiary countries. Based on trade data for January through April 2007, U.S. imports under GSP from Turkey exceeded USD 374 million, up 2.7 percent over the same period last year. Top U.S. imports from Turkey under the GSP program in 2006 included gold jewelry, refined copper wire, monumental building stone, parts for motor vehicle power trains, and shotguns. Turkey exported duty-free, in 2006, GSP-claimed products in 26 percent (913) of the 3474 GSP-eligible tariff lines.

Among all GSP exporting countries in 2006, Turkey was the top GSP supplier of gold necklaces and neck chains, and is in the top ranks of GSP suppliers of other gold jewelry, unclad aluminum alloy sheets/plates, silver jewelry, and bus and truck radial tires. Importers of GSP-claimed exports from Turkey saved over USD 47.5 million in foregone duties in 2006, based on an effective average duty of Turkey's GSP-claimed exports of 4.2 percent.

Turkey is unique among all GSP beneficiaries for its diversity and strength in GSP-claimed (and unclaimed) eligible textiles and apparel exports, including woven silk fabrics; headbands; carpets; shawls, women's/girls' apparel, and handkerchiefs all containing 70 percent silk; wall banners; national flags; rubber outer soles; hairnets; headgear and even umbrellas that enter the United States duty-free. Duties saved on these items are as high as 15 percent.

Opportunities for Turkey to be more Competitive in the U.S. Market through GSP

Claim the Savings: U.S. importers of Turkish exports are paying more duties and claiming GSP duty-treatment for fewer GSP-eligible exports this year than they did in 2005. This means U.S. importers are likely paying unnecessary duties on Turkish imports more and more each year, making these products less competitive in the U.S. market. For example, in 2005, importers claimed GSP duty-free treatment for 93 percent of all GSP-eligible U.S. imports. For the first four months of 2007, that percentage has dropped to 88 percent. One reason may be that these products did not GSP rules of origin. A more likely reason for this problem, especially when some shipments of the same product claim GSP and others do not, is that the U.S. importers are not properly marking the U.S. customs entry forms (inserting just an "A" before the tariff number). Examples of U.S. imports with the largest value of shipments not being claimed under GSP in 2006 and thus far in 2007 were: national flags of textile materials (paid USD 233,000 in duties @ 7 percent); telescopic sights for rifles (14.9 percent duty), silver jewelry (13.5 percent duty) and imitation jewelry (11 percent duty), and prepared vegetables (11.2 percent duty).

Direct New Types of Exports to the United States: Many of Turkey's exports to other trading partners are not exported to the United States in significant quantities. If the United States imported these products from Turkey, they could enter duty-free so would be competitive in the U.S. market. Examples are color TV sets with or without DVD players (HTS 852812); certain motor engine parts ((HTS 840999); other motor vehicles accessories (HTS 870899), motor vehicles carrying more than ten passengers ((HTS 870210), and certain prepared nuts and seeds - not peanuts (HTS 200819).

Export Turkish Handicrafts: Many handicrafts are duty-free when exported to the United States, such as jewelry; traditional games; art; certain carpets and rugs; wooden statuettes, decorated boxes, and other wood ornaments; wind, string, percussion, and some keyboard musical instruments; framed and unframed mirrors; picture frames; baskets and bags of bamboo, rattan, palm leaf and vegetable material most often not wickerwork (plaited or woven plaits or twigs). Turkish artisans can also export hand-loomed and folklore wall hangings and pillow covers, as well as certain handwoven textile floor coverings duty-free under

the Turkey-United States "certified textile handicraft arrangement" when these exports are certified by the Turkish government to hand-loomed and of a folkloric nature.

How does an import receive GSP duty-free treatment?

A GSP-eligible import must meet the following requirements:

- included in the list of GSP-eligible articles.¹
- imported into the United States directly from Turkey or pass through another country in a sealed container.
- be the growth, product, or manufacture of Turkey.
- If product inputs are imported into Turkey, the sum of the cost or value of the Turkish materials used in making product -- plus the direct costs of processing -- must equal at least 35 percent of the product's price when the good is sold for export into the United States. Imported materials can count toward the 35 percent Turkish materials value and local processing component of the product's price only if the imported materials are "substantially transformed" and then used to produce or manufacture the export. "Substantially transformed" means that U.S. Customs would classify the imported items as being in a very different form as compared to when they were first imported.
- The exporter/importer must request duty-free treatment under GSP by placing an "A," "A+," or "A*²" before the U.S. tariff line (HTSUS) number that identifies the imported article on the U.S. Customs Entry Form 7501 (see below).³

35-1.1-2001 10.59am From Trade Corp Invoice 202341206 1 167 P 002/002 F-356

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

1. Har Code/Entry No BWC 000		12. Entry Type 01 ABI/A		3. Summary Date 10/04/2006	
7. Surety No 8		8. Bond Type 2704		7. Entry Date 09/23/2006	
2. Importing Carrier		5. Mode of Transport 11		10. Country of Origin TR	
12. No. of Packages		13. Manufacturer ID		14. Exporting Country TR	
16. I.T. No.		17. I.T. Date		18. Foreign Port of Loading 55735	
16. I.T. No.		17. I.T. Date		20. U.S. Port of Unloading 2704	
21. Location of Goods (G.O. No.)		22. Consignee No. SAME		23. Importer No.	
25. Ultimate Consignee Name and Address		26. Consignee Name and Address		27. Importer Name and Address	
City		State IN		Zip	
City		State IN		Zip	
27. Line No.		28. Description of Merchandise		A. Entered Value	
A. HTSUS No. 9465000914		B. Gross Weight 16940		B. AD/CVD Rate FREE	
B. AD/CVD Case No.		C. Manifest Qty 112500		C. INC Rate 0.125%	
C. Manifest Qty		D. Net Quantity in HTSUS Units 112500		D. Vase No. 2700	
D. Net Quantity in HTSUS Units		E. Relationship NOT RELATED		E. Duty Rate 0.21%	
E. Relationship		F. Duty Rate 0.00		F. Cents 0.00	
F. Duty Rate		G. Duty Rate 0.00		G. Cents 0.00	
G. Duty Rate		H. Duty Rate 0.00		H. Cents 0.00	
H. Duty Rate		I. Duty Rate 0.00		I. Cents 0.00	
I. Duty Rate		J. Duty Rate 0.00		J. Cents 0.00	
J. Duty Rate		K. Duty Rate 0.00		K. Cents 0.00	
K. Duty Rate		L. Duty Rate 0.00		L. Cents 0.00	
L. Duty Rate		M. Duty Rate 0.00		M. Cents 0.00	
M. Duty Rate		N. Duty Rate 0.00		N. Cents 0.00	
N. Duty Rate		O. Duty Rate 0.00		O. Cents 0.00	
O. Duty Rate		P. Duty Rate 0.00		P. Cents 0.00	
P. Duty Rate		Q. Duty Rate 0.00		Q. Cents 0.00	
Q. Duty Rate		R. Duty Rate 0.00		R. Cents 0.00	
R. Duty Rate		S. Duty Rate 0.00		S. Cents 0.00	
S. Duty Rate		T. Duty Rate 0.00		T. Cents 0.00	
T. Duty Rate		U. Duty Rate 0.00		U. Cents 0.00	
U. Duty Rate		V. Duty Rate 0.00		V. Cents 0.00	
V. Duty Rate		W. Duty Rate 0.00		W. Cents 0.00	
W. Duty Rate		X. Duty Rate 0.00		X. Cents 0.00	
X. Duty Rate		Y. Duty Rate 0.00		Y. Cents 0.00	
Y. Duty Rate		Z. Duty Rate 0.00		Z. Cents 0.00	
Z. Duty Rate		AA. Duty Rate 0.00		AA. Cents 0.00	
AA. Duty Rate		AB. Duty Rate 0.00		AB. Cents 0.00	
AB. Duty Rate		AC. Duty Rate 0.00		AC. Cents 0.00	
AC. Duty Rate		AD. Duty Rate 0.00		AD. Cents 0.00	
AD. Duty Rate		AE. Duty Rate 0.00		AE. Cents 0.00	
AE. Duty Rate		AF. Duty Rate 0.00		AF. Cents 0.00	
AF. Duty Rate		AG. Duty Rate 0.00		AG. Cents 0.00	
AG. Duty Rate		AH. Duty Rate 0.00		AH. Cents 0.00	
AH. Duty Rate		AI. Duty Rate 0.00		AI. Cents 0.00	
AI. Duty Rate		AJ. Duty Rate 0.00		AJ. Cents 0.00	
AJ. Duty Rate		AK. Duty Rate 0.00		AK. Cents 0.00	
AK. Duty Rate		AL. Duty Rate 0.00		AL. Cents 0.00	
AL. Duty Rate		AM. Duty Rate 0.00		AM. Cents 0.00	
AM. Duty Rate		AN. Duty Rate 0.00		AN. Cents 0.00	
AN. Duty Rate		AO. Duty Rate 0.00		AO. Cents 0.00	
AO. Duty Rate		AP. Duty Rate 0.00		AP. Cents 0.00	
AP. Duty Rate		AQ. Duty Rate 0.00		AQ. Cents 0.00	
AQ. Duty Rate		AR. Duty Rate 0.00		AR. Cents 0.00	
AR. Duty Rate		AS. Duty Rate 0.00		AS. Cents 0.00	
AS. Duty Rate		AT. Duty Rate 0.00		AT. Cents 0.00	
AT. Duty Rate		AU. Duty Rate 0.00		AU. Cents 0.00	
AU. Duty Rate		AV. Duty Rate 0.00		AV. Cents 0.00	
AV. Duty Rate		AW. Duty Rate 0.00		AW. Cents 0.00	
AW. Duty Rate		AX. Duty Rate 0.00		AX. Cents 0.00	
AX. Duty Rate		AY. Duty Rate 0.00		AY. Cents 0.00	
AY. Duty Rate		AZ. Duty Rate 0.00		AZ. Cents 0.00	
AZ. Duty Rate		BA. Duty Rate 0.00		BA. Cents 0.00	
BA. Duty Rate		BB. Duty Rate 0.00		BB. Cents 0.00	
BB. Duty Rate		BC. Duty Rate 0.00		BC. Cents 0.00	
BC. Duty Rate		BD. Duty Rate 0.00		BD. Cents 0.00	
BD. Duty Rate		BE. Duty Rate 0.00		BE. Cents 0.00	
BE. Duty Rate		BF. Duty Rate 0.00		BF. Cents 0.00	
BF. Duty Rate		BG. Duty Rate 0.00		BG. Cents 0.00	
BG. Duty Rate		BH. Duty Rate 0.00		BH. Cents 0.00	
BH. Duty Rate		BI. Duty Rate 0.00		BI. Cents 0.00	
BI. Duty Rate		BJ. Duty Rate 0.00		BJ. Cents 0.00	
BJ. Duty Rate		BK. Duty Rate 0.00		BK. Cents 0.00	
BK. Duty Rate		BL. Duty Rate 0.00		BL. Cents 0.00	
BL. Duty Rate		BM. Duty Rate 0.00		BM. Cents 0.00	
BM. Duty Rate		BN. Duty Rate 0.00		BN. Cents 0.00	
BN. Duty Rate		BO. Duty Rate 0.00		BO. Cents 0.00	
BO. Duty Rate		BP. Duty Rate 0.00		BP. Cents 0.00	
BP. Duty Rate		BQ. Duty Rate 0.00		BQ. Cents 0.00	
BQ. Duty Rate		BR. Duty Rate 0.00		BR. Cents 0.00	
BR. Duty Rate		BS. Duty Rate 0.00		BS. Cents 0.00	
BS. Duty Rate		BT. Duty Rate 0.00		BT. Cents 0.00	
BT. Duty Rate		BU. Duty Rate 0.00		BU. Cents 0.00	
BU. Duty Rate		BV. Duty Rate 0.00		BV. Cents 0.00	
BV. Duty Rate		BW. Duty Rate 0.00		BW. Cents 0.00	
BW. Duty Rate		BX. Duty Rate 0.00		BX. Cents 0.00	
BX. Duty Rate		BY. Duty Rate 0.00		BY. Cents 0.00	
BY. Duty Rate		BZ. Duty Rate 0.00		BZ. Cents 0.00	
BZ. Duty Rate		CA. Duty Rate 0.00		CA. Cents 0.00	
CA. Duty Rate		CB. Duty Rate 0.00		CB. Cents 0.00	
CB. Duty Rate		CC. Duty Rate 0.00		CC. Cents 0.00	
CC. Duty Rate		CD. Duty Rate 0.00		CD. Cents 0.00	
CD. Duty Rate		CE. Duty Rate 0.00		CE. Cents 0.00	
CE. Duty Rate		CF. Duty Rate 0.00		CF. Cents 0.00	
CF. Duty Rate		CG. Duty Rate 0.00		CG. Cents 0.00	
CG. Duty Rate		CH. Duty Rate 0.00		CH. Cents 0.00	
CH. Duty Rate		CI. Duty Rate 0.00		CI. Cents 0.00	
CI. Duty Rate		CJ. Duty Rate 0.00		CJ. Cents 0.00	
CJ. Duty Rate		CK. Duty Rate 0.00		CK. Cents 0.00	
CK. Duty Rate		CL. Duty Rate 0.00		CL. Cents 0.00	
CL. Duty Rate		CM. Duty Rate 0.00		CM. Cents 0.00	
CM. Duty Rate		CN. Duty Rate 0.00		CN. Cents 0.00	
CN. Duty Rate		CO. Duty Rate 0.00		CO. Cents 0.00	
CO. Duty Rate		CP. Duty Rate 0.00		CP. Cents 0.00	
CP. Duty Rate		CQ. Duty Rate 0.00		CQ. Cents 0.00	
CQ. Duty Rate		CR. Duty Rate 0.00		CR. Cents 0.00	
CR. Duty Rate		CS. Duty Rate 0.00		CS. Cents 0.00	
CS. Duty Rate		CT. Duty Rate 0.00		CT. Cents 0.00	
CT. Duty Rate		CU. Duty Rate 0.00		CU. Cents 0.00	
CU. Duty Rate		CV. Duty Rate 0.00		CV. Cents 0.00	
CV. Duty Rate		CW. Duty Rate 0.00		CW. Cents 0.00	
CW. Duty Rate		CX. Duty Rate 0.00		CX. Cents 0.00	
CX. Duty Rate		CY. Duty Rate 0.00		CY. Cents 0.00	
CY. Duty Rate		CZ. Duty Rate 0.00		CZ. Cents 0.00	
CZ. Duty Rate		DA. Duty Rate 0.00		DA. Cents 0.00	
DA. Duty Rate		DB. Duty Rate 0.00		DB. Cents 0.00	
DB. Duty Rate		DC. Duty Rate 0.00		DC. Cents 0.00	
DC. Duty Rate		DD. Duty Rate 0.00		DD. Cents 0.00	
DD. Duty Rate		DE. Duty Rate 0.00		DE. Cents 0.00	
DE. Duty Rate		DF. Duty Rate 0.00		DF. Cents 0.00	
DF. Duty Rate		DG. Duty Rate 0.00		DG. Cents 0.00	
DG. Duty Rate		DH. Duty Rate 0.00		DH. Cents 0.00	
DH. Duty Rate		DI. Duty Rate 0.00		DI. Cents 0.00	
DI. Duty Rate		DJ. Duty Rate 0.00		DJ. Cents 0.00	
DJ. Duty Rate		DK. Duty Rate 0.00		DK. Cents 0.00	
DK. Duty Rate		DL. Duty Rate 0.00		DL. Cents 0.00	
DL. Duty Rate		DM. Duty Rate 0.00		DM. Cents 0.00	
DM. Duty Rate		DN. Duty Rate 0.00		DN. Cents 0.00	
DN. Duty Rate		DO. Duty Rate 0.00		DO. Cents 0.00	
DO. Duty Rate		DP. Duty Rate 0.00		DP. Cents 0.00	
DP. Duty Rate		DQ. Duty Rate 0.00		DQ. Cents 0.00	
DQ. Duty Rate		DR. Duty Rate 0.00		DR. Cents 0.00	
DR. Duty Rate		DS. Duty Rate 0.00		DS. Cents 0.00	
DS. Duty Rate		DT. Duty Rate 0.00		DT. Cents 0.00	
DT. Duty Rate		DU. Duty Rate 0.00		DU. Cents 0.00	
DU. Duty Rate		DV. Duty Rate 0.00		DV. Cents 0.00	
DV. Duty Rate		DW. Duty Rate 0.00		DW. Cents 0.00	
DW. Duty Rate		DX. Duty Rate 0.00		DX. Cents 0.00	
DX. Duty Rate		DY. Duty Rate 0.00		DY. Cents 0.00	
DY. Duty Rate		DZ. Duty Rate 0.00		DZ. Cents 0.00	
DZ. Duty Rate		EA. Duty Rate 0.00		EA. Cents 0.00	
EA. Duty Rate		EB. Duty Rate 0.00		EB. Cents 0.00	
EB. Duty Rate		EC. Duty Rate 0.00		EC. Cents 0.00	
EC. Duty Rate		ED. Duty Rate 0.00		ED. Cents 0.00	
ED. Duty Rate		EE. Duty Rate 0.00		EE. Cents 0.00	
EE. Duty Rate		EF. Duty Rate 0.00		EF. Cents 0.00	
EF. Duty Rate		EG. Duty Rate 0.00		EG. Cents 0.00	
EG. Duty Rate		EH. Duty Rate 0.00		EH. Cents 0.00	
EH. Duty Rate		EI. Duty Rate 0.00		EI. Cents 0.00	
EI. Duty Rate		EJ. Duty Rate 0.00		EJ. Cents 0.00	
EJ. Duty Rate		EK. Duty Rate 0.00		EK. Cents 0.00	
EK. Duty Rate		EL. Duty Rate 0.00		EL. Cents 0.00	
EL. Duty Rate		EM. Duty Rate 0.00		EM. Cents 0.00	
EM. Duty Rate		EN. Duty Rate 0.00		EN. Cents 0.00	
EN. Duty Rate		EO. Duty Rate 0.00		EO. Cents 0.00	
EO. Duty Rate		EP. Duty Rate 0.00		EP. Cents 0.00	
EP. Duty Rate		EQ. Duty Rate 0.00		EQ. Cents 0.00	
EQ. Duty Rate		ER. Duty Rate 0.00		ER. Cents 0.00	
ER. Duty Rate		ES. Duty Rate 0.00		ES. Cents 0.00	
ES. Duty Rate		ET. Duty Rate 0.00		ET. Cents 0.00	
ET. Duty Rate		EU. Duty Rate 0.00		EU. Cents 0.00	
EU. Duty Rate		EV. Duty Rate 0.00		EV. Cents 0.00	
EV. Duty Rate		EW. Duty Rate 0.00		EW. Cents 0.00	
EW. Duty Rate		EX. Duty Rate 0.00		EX. Cents 0.00	
EX. Duty Rate		EY. Duty Rate 0.00		EY. Cents 0.00	
EY. Duty Rate		EZ. Duty Rate 0.00		EZ. Cents 0.00	
EZ. Duty Rate		FA. Duty Rate 0.00		FA. Cents 0.00	
FA. Duty Rate		FB. Duty Rate 0.00		FB. Cents 0.00	
FB. Duty Rate		FC. Duty Rate 0.00		FC. Cents 0.00	
FC. Duty Rate		FD. Duty Rate 0.00		FD. Cents 0.00	
FD. Duty Rate		FE. Duty Rate 0.00		FE. Cents 0.00	
FE. Duty Rate		FF. Duty Rate 0.00		FF. Cents 0.00	
FF. Duty Rate		FG. Duty Rate 0.00		FG. Cents 0.00	
FG. Duty Rate		FH. Duty Rate 0.00		FH. Cents 0.00	
FH. Duty Rate		FI. Duty Rate 0.00		FI. Cents 0.00	
FI. Duty Rate		FJ. Duty Rate 0.00		FJ. Cents 0.00	
FJ. Duty Rate		FK. Duty Rate 0.00		FK. Cents 0.00	
FK. Duty Rate		FL. Duty Rate 0.00		FL. Cents 0.00	
FL. Duty Rate		FM. Duty Rate 0.00		FM. Cents 0.00	
FM. Duty Rate		FN. Duty Rate 0.00		FN. Cents 0.00	
FN. Duty Rate		FO. Duty Rate 0.00		FO. Cents 0.00	
FO. Duty Rate		FP. Duty Rate 0.00		FP. Cents 0.00	
FP. Duty Rate		FQ. Duty Rate 0.00		FQ. Cents 0.00	
FQ. Duty Rate		FR. Duty Rate 0.00		FR. Cents 0.00	
FR. Duty Rate		FS. Duty Rate 0.00		FS. Cents 0.00	
FS. Duty Rate		FT. Duty Rate 0.00		FT. Cents 0.00	
FT. Duty Rate		FU. Duty Rate 0.00		FU. Cents 0.00	
FU. Duty Rate		FV. Duty Rate 0.00		FV. Cents 0.00	
FV. Duty Rate		FW. Duty Rate 0.00		FW. Cents 0.00	
FW. Duty Rate		FX. Duty Rate 0.00		FX. Cents 0.00	
FX. Duty Rate		FY. Duty Rate 0.00		FY. Cents 0.00	
FY. Duty Rate		FZ. Duty Rate 0.00		FZ. Cents 0.00	
FZ. Duty Rate		GA. Duty Rate 0.00		GA. Cents 0.00	
GA. Duty Rate		GB. Duty Rate 0.00		GB. Cents 0.00	
GB. Duty Rate		GC. Duty Rate 0.00		GC. Cents 0.00	
GC. Duty Rate		GD. Duty Rate 0.00		GD. Cents 0.00	
GD. Duty Rate		GE. Duty Rate 0.00		GE. Cents 0.00	
GE. Duty Rate		GF. Duty Rate 0.00		GF. Cents 0.00	
GF. Duty Rate		GG. Duty Rate 0.00		GG. Cents 0.00	
GG. Duty Rate		GH. Duty Rate 0.00		GH. Cents 0.00	
GH. Duty Rate		GI. Duty Rate 0.00		GI. Cents 0.00	
GI. Duty Rate		GJ. Duty Rate 0.00		GJ. Cents 0.00	