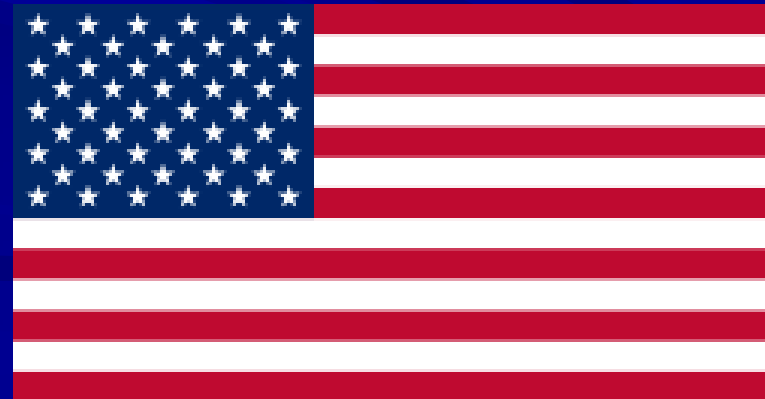


# ***Expanding Iraq's Exports under the GSP Program***

**Meredith Broadbent  
Office of the U.S. Trade Representative  
Executive Office of the President  
February 2008**



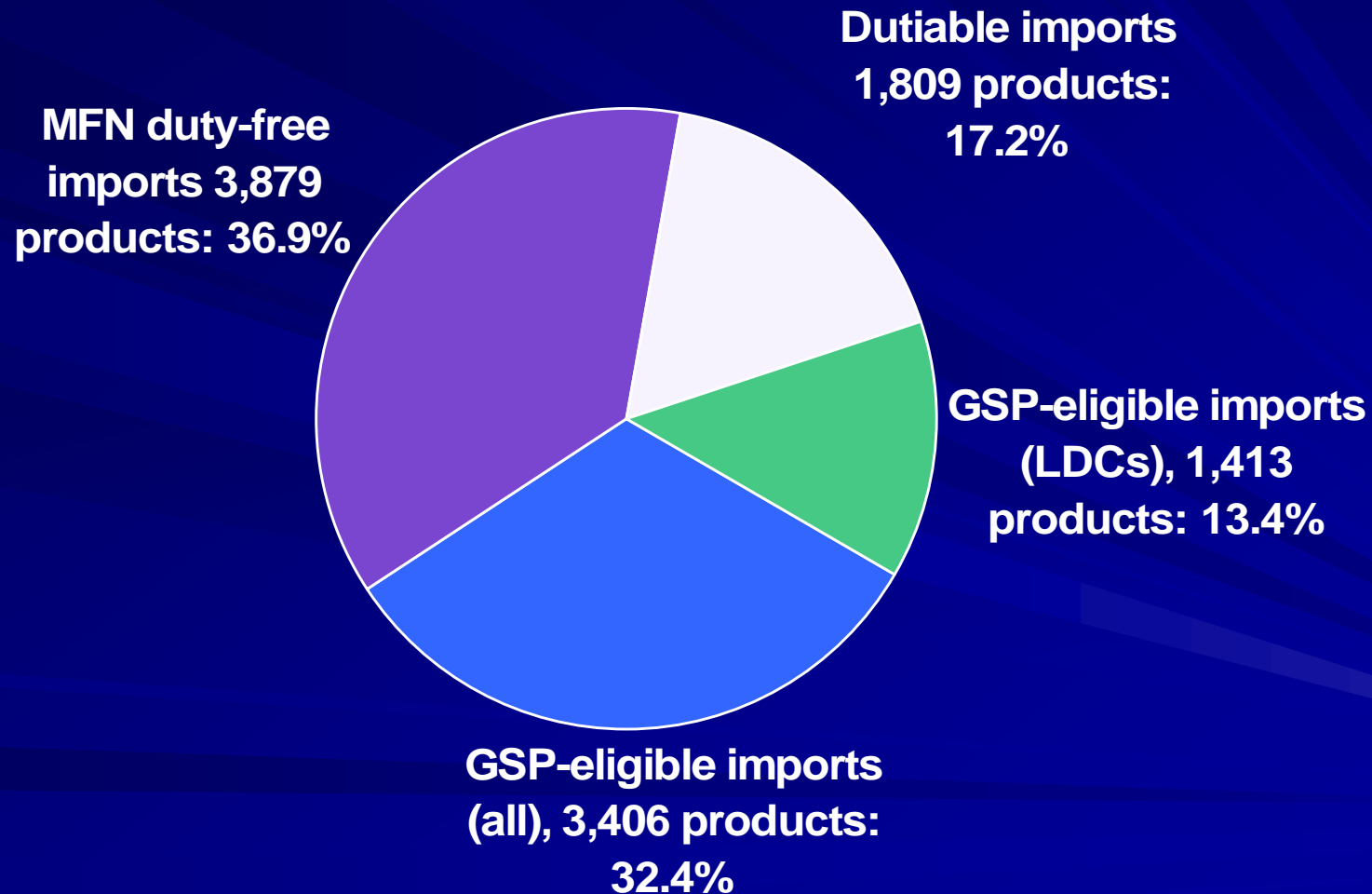
# *Summary of Presentation*

- U.S. imports from Iraq through the U.S. Generalized System of Preferences (GSP) Program
- Using the U.S. GSP program
- Increasing Iraq's exports

# ***GSP Program***

- **Iraq became a GSP beneficiary in September 2004**
- **GSP provides duty-free treatment to 3,400 types of exports from Iraq**
- **GSP gives Iraqi exports an advantage in U.S. market – not charged tariffs so cost less to U.S. importers**
- **Major U.S. import program: \$30.8 billion in 2007**

# *How many products are eligible for GSP duty-free treatment?*



# *Neighbors' benefits from GSP*

- Armenia (55.2 percent of exports to U.S. entered under GSP)
- Lebanon (47 percent)
- West Bank (38.2 percent)
- Georgia (36.3 percent)
- Turkey (24.4 percent)
- Oman (9.8 percent)
- Egypt (2.6 percent)

# ***U.S. Imports from Iraq under GSP and overall***

- **2006: \$163,684**
- **2007: \$300,598 (almost all licorice sap) – increase of 68 percent**
- **2007 total imports: \$11 million – petroleum, coke, ethylene, fuel oil, petroleum gases, sulphur**

# ***U.S. Imports from Iraq Under GSP in 2007***

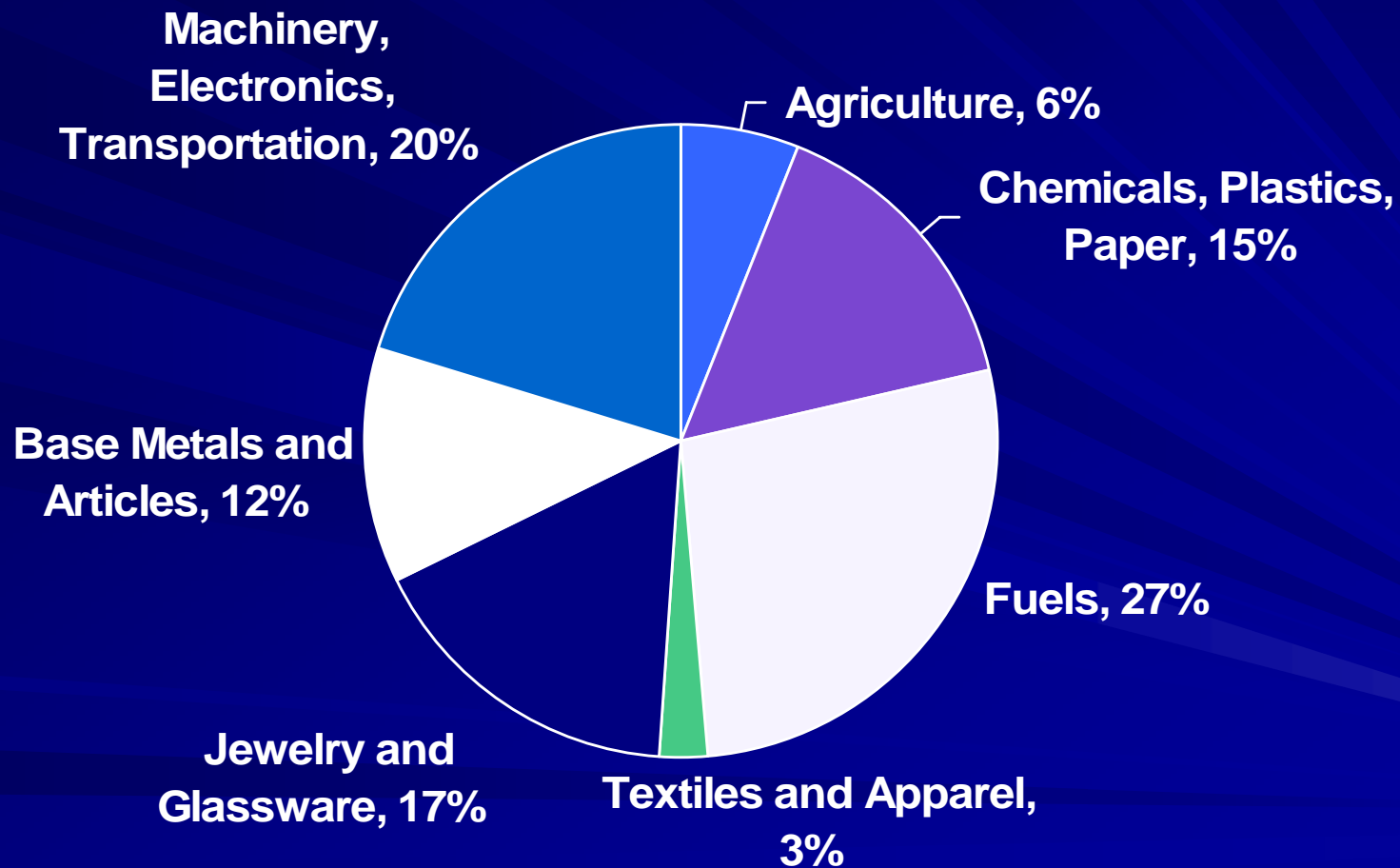
- **Saps and extracts of licorice: \$292,235 in U.S. imports; \$11,105 in duties saved at 3.8 percent**
- **Carpets and other textile floor coverings, tufted, whether or not made up, of nylon or other polyamides, hand-hooked: \$580 in U.S. imports; \$34 in duties saved at 5.8 percent**

# *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 2006*



# ***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 Iraq, 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+ GSP-eligible from least-developed countries (Iraq not included)**  
**A\* a country other than Iraq not eligible**

# *How to qualify for duty-free treatment under GSP*

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

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)

# ***How to qualify for duty-free treatment under GSP***

**(2) Product must be imported directly from Iraq to the U.S. or pass through another country on a “through bill of lading” with a U.S. destination.**

# *35% Value-added Rule*

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

# ***Agricultural exports***

- **Ensure products are free from microbial contamination, foreign material, pests, diseases, and chemical residues**
- **Care must be taken during each step:**
  - **Production – Packing – Shipping (fresh products)**
  - **Production - Processing – Packaging – Packing – Shipping (processed products)**
- **Dried fruits and nuts require separate inspections (APHIS/FDA) upon U.S. entry**

# ***Producer required to keep records for five years***

- **Verification of 35 percent rule-of-origin:**
  - Dated invoices for materials used to produce good that show the materials' place of origin
  - 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 farm and town the product is grown
  - Description of product and quantity
  - Dated invoices for costs incurred



# ***Claiming GSP Duty-Free Treatment***

- **U.S. importer 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 apply to U.S. Customs for refund (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. HIC Code/Entry No BWC 000	12. Entry Type 01 ABI/A	3. Summary Date 10/04/2006
				7. Surety No.	8. Bond Type 8	9. Port Code 2704
E. Importing Carrier		B. Mode of Transport 11		10. Country of Origin TR		11. In-Port Date 09/24/2006
12. No. or AWB No.		13. Manufacturer ID		14. Exporting Country TR		16. Date 10/30/2006
16. I.T. No.		17. I.T. Date	15. Mktg Docs	18. Foreign Port of Loading 55735		20. U.S. Port of Loading 2704
21. Location of Goods/B.O. No.		22. Consignee No. SAME		23. Importer No.		24. Reference No.
25. Ultimate Consignee Name and Address				28. 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 D. Manifest Qty.	31. Net Quantity in HTSUS Units	32. A. Entered Value B. CHFS C. Relationship	33. A. HTSUS Rate B. AD/CVD Rate C. IRC Rate D. Misc No.	34. Duty BR A.R. Tax Cents
101	8465000914	11	B03CER1369LY	NOT RELATED	2700 CABES	
A	DISPOSED SAMPLE RUBBER GL 8015.19.1010	16940	112500 DPR	51640 C3959	FREE 0.125% 0.21%	0.00 64.00 108.86
HARBOR MAINTENANCE FEE MERCHANDISE PROCESSING FEE				AS ENTERED		
Other Fee Summary for Block 39				35. Total Entered Value		TOTALS
38. A. 106.86 B. 63.86				51,640.00		
Total Other Fees				173.66		
36. DECLARATION OF IMPORTER OF RECORD (OWNER OR PURCHASER) OR AUTHORIZED AGENT				CBP USE ONLY		
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 was obtained pursuant to a purchase or agreement to purchase and the statements in this form are true and correct to the best of my knowledge and belief. I also declare that the statements in this declaration have not fully disclosed to me all of my knowledge and belief of the true nature, value, quantity, rebase, drawbacks, free, non-rebates, 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.				A. Use Code 859		37. Duty
I will immediately furnish to the appropriate CBP officer any information showing a different status of the merchandise.				REASON CODE		38. Tax
41. DECLARANT NAME				D. Ascertained Tax		173.66
TITLE				E. Ascertained Total		173.66
47. Broker/Importer Information (Name, address, phone number)				43. Broker/Importer File No. 6841		
				DATE 10/11/2006		
				CBP Form 501 (04/05)		

# ***Expanding Use of GSP Benefits***

- 1. Ensure products get GSP duty-free treatment when eligible**
- 2. Increase exports of current GSP-eligible products**
- 3. Identify exports to other countries that would get GSP if exported to U.S.**
- 4. Export handicrafts and home décor items**

# ***Quick Wins – How Much Saved?***

- **Saps and extracts of licorice (\$1m in 2005!)**
  - Growing market: herbal remedies, lotions, teas, cough medicines, candy
  - 3.8 percent duty savings
- **Fresh or dried nuts, in shell (1.7 cts-17.9%)**
- **Dates: (1-2.8%)**
- **Hand-hooked carpets (2.7-6.8%)**
- **Silver or gold-plated jewelry (3.3-10%)**

# ***Claim the GSP Savings***

- **U.S. importers should have claimed these GSP-eligible exports from Iraq (2004-2007):**
  - **\$8,230 in nuts (1.3 cents/kg duty)**
  - **\$5,335 in seed and nut mixtures (17.9%)**
  - **\$5,000 in silver items (3%)**
  - **\$2,004 in hand-hooked carpets (6%)**
  - **\$2,592 in glucose and glucose syrup (5.1%)**
  - **\$2,000 in goat or kid raw hides & skins (3.7%)**

## ***Identify Other GSP-eligible Items that Iraq Exports to Other Markets***

- **Ceramic tiles (8.5-10% duty)**
- **Mixed alkylbenzenes & alkyl naphthalenes (6.5%)**
- **Dried or dyed cut flowers (4%)**
- **Raw or tanned bovine/equine leather (2.4-5%)**
- **Goat or kid tanned hides (2.4-3.7%)**

## ***Example: Iraqi's exports to EU***

- **Iraqi exports to the European Union give an idea of articles that could benefit from GSP if exported to the United States:**
  - **Fresh or dried dates, figs, and raisins**
  - **Kidney beans**
  - **Molasses**
  - **Nuts and seeds**
  - **Jewelry, including imitation jewelry**

# ***Other GSP Export Strategies***

- **Moving up the value-added chain of production creates opportunities for higher-skilled jobs**
- **For example, raw and tanned hides and skins are a leading Iraqi export to the European Union**
- **In Iraq, hides and skins could be used to produce GSP-eligible leather goods exports such as belts, shoe laces, and sports gloves.**

# ***Export Home Décor Items Duty-Free: Growing U.S. Demand***

- **Carpets, kilims, and rugs**
- **Paintings, sculpture, and wall hangings**
- **Wood statues, boxes, and other items**
- **Ceramic ware**
- **Baskets of bamboo, rattan, palm leaf and other vegetable material**



# ***Export Handicrafts***

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

- **Artisans can export duty-free...**
  - hand-loomed fabrics
  - additional hand-loomed and folklore wall hangings and pillow covers
- **...when Iraqi government certifies them as hand-made.**

# ***Outreach and Education***

- **Outreach to increase the use of GSP duty-free benefits by Iraqi exporters and producers is a top U.S. priority**
- **Outreach tools**
  - seminars (in-person, via teleconference, videoconference);
  - GSP guides and export analyses (Arabic and English) for Iraqi government, Chambers of Commerce, PRTs, USAID and USAID contractors and other organizations
  - news articles and public service radio announcements
- **USTR also works with key U.S. importers**

# ***Iraq-Specific Contacts***

- 1. Mr. Amjad Jaafar, Deputy  
Commercial Attache, Embassy of  
Iraq to the U.S.,  
amjadjr@googlemail.com**
- 2. AgBaghdad@state.gov**
- 3. Iraq Investment/Reconstruction Task  
Force: IraqInfo@mail.doc.gov**

# ***For Additional Information***

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

**GSP guidebook, lists of GSP-eligible and ineligible products, handicraft information:**

- [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>

# ***For Additional Information***

- **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/>**

# ***Shukran !***

