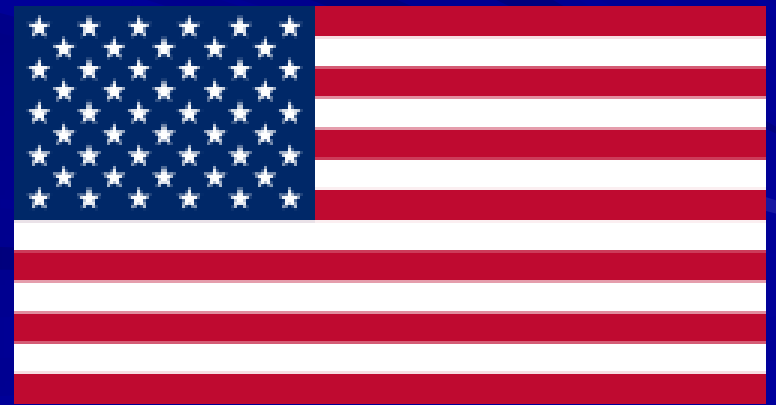


# ***Expanding Afghanistan's Exports***

**January 2008**



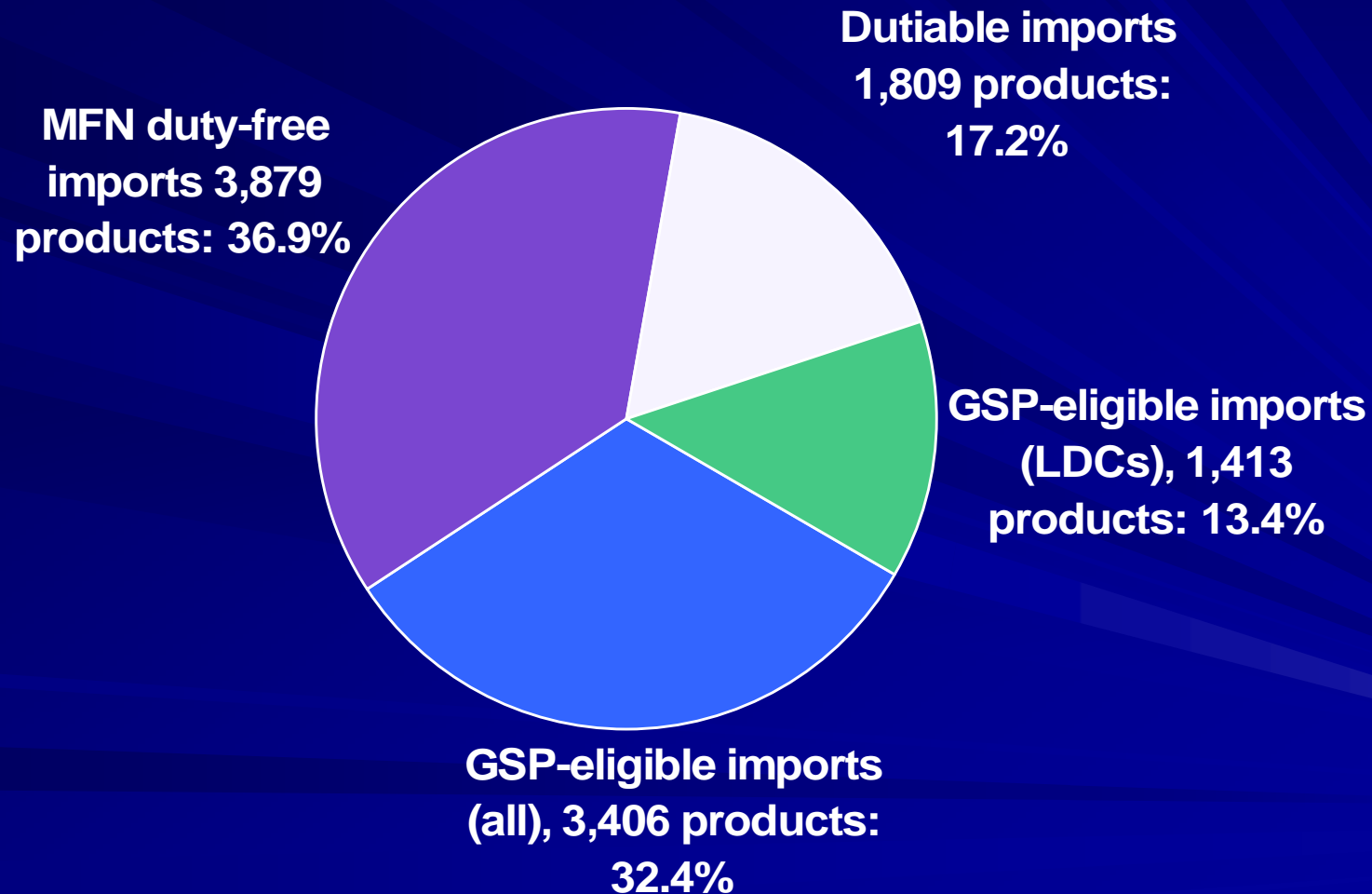
# ***Summary of Presentation***

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

# ***GSP Program***

- **Provides duty-free treatment for 5,000 products from Afghanistan**
- **Gives Afghan exports an advantage in U.S. market - not charged tariffs so lower cost**
- **Major U.S. import program: \$32.6 billion in 2006; up 22%**

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



# *Neighbors' benefits from GSP*

- **Armenia (60 percent of exports to U.S.)**
- **Lebanon (46.5 percent)**
- **Georgia (36 percent)**
- **West Bank (37.6 percent)**
- **Kazakhstan (33 percent)**
- **Turkey (24.4 percent)**
- **India (20 percent)**

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

- **2006: \$29,000**
- **January-November 2007: \$78,000**
- **Additional imports from  
Afghanistan eligible for GSP duty-  
free treatment: \$82,000**

# ***U.S. Imports from Afghanistan Under GSP (New in 2007)***

- **ceramic household/bath items (saved 6%)**
- **imitation jewelry (saved 11%)**
- **almonds (saved 7.7 cents per kg)**
- **dried apricots (saved 1.8 cents per kg)**
- **fresh or dried pistachios (saved 1.9 cents per kg)**
- **dried berries (saved 1.4 cents per kg)**

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

- **saddles and harnesses (saved 2.8%)**
- **tanned and dressed whole lambskins (saved 2.2%)**
- **gold jewelry (saved 5.5%)**
- **carpets and other textile floor coverings (saved 4.3%)**
- **furskin apparel & accessories (4%)**



# ***Neighbors' Use of GSP (2006)***

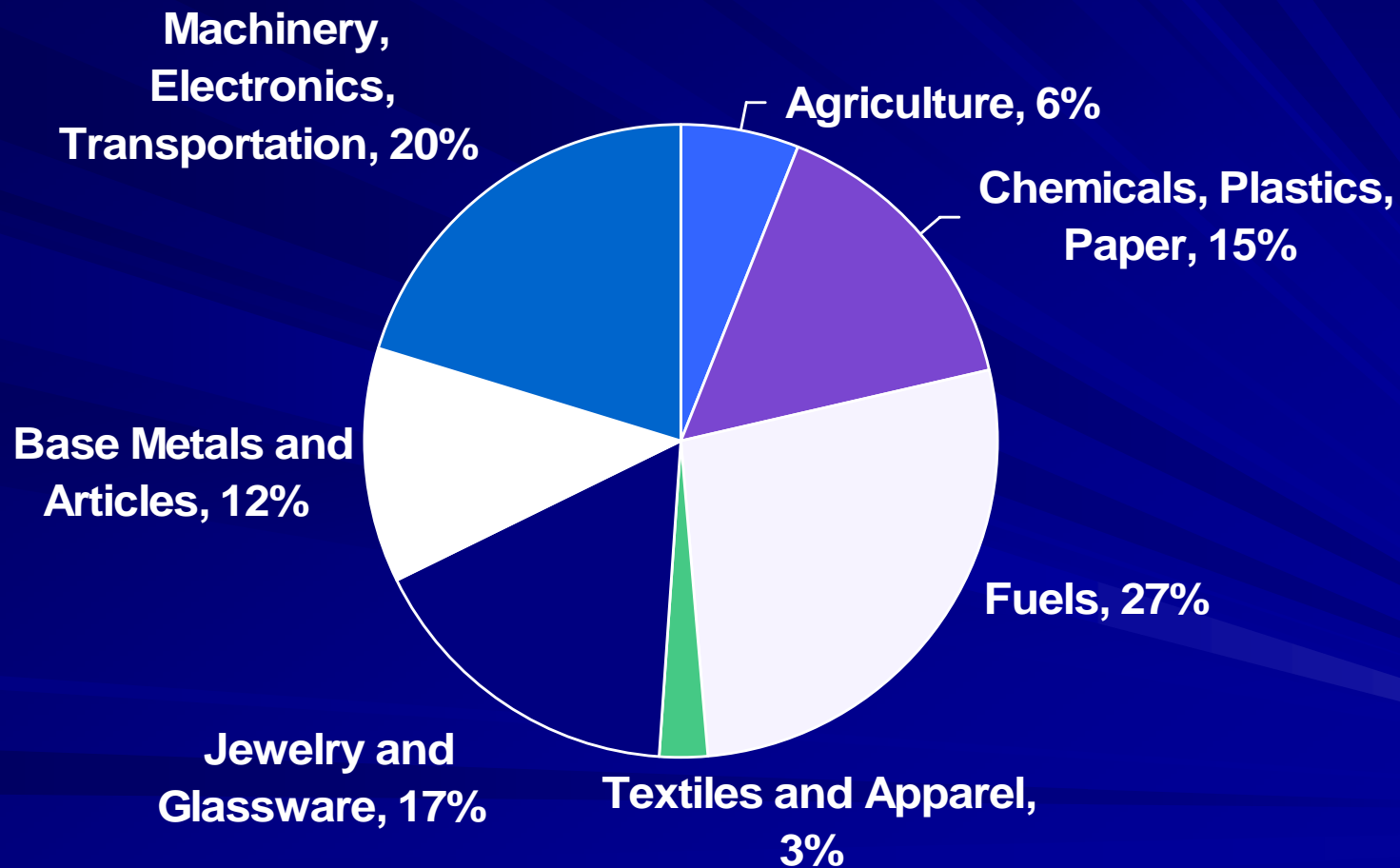
**Large quantities of U.S. imports from nearby countries entered under GSP:**

- **\$483 million in U.S. imports from Kazakhstan (nearly half)**
- **\$130 million from Pakistan**
- **\$2.8 million from Uzbekistan**

# *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 Afghanistan, 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**

**A\* a country other than Afghanistan 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 Afghanistan to the U.S. (air freight) or pass through Pakistan or Iran on a “through bill of lading” (19 CFR 10.175) 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 Afghanistan and then used in product production**
- **“Substantially transformed” means the item's name, character, or use differs from when it was imported**
- **Product inputs from Pakistan, India, or Nepal can count toward the 35% minimum amount of Afghan materials**

# ***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)**



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

- **Verification of 35 percent rule-of-origin:**
  - 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 farm and town the product is grown
  - Description of product and quantity
  - Dated invoices for costs incurred

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

- **Importer must REQUEST duty-free treatment for the item**
- **Is NOT automatic!!!**
- **Write 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!

16-1.1-2006 10:59am From: Trade Corp Finance 2023441206 1 187 003/002 F-356

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

1. Header Code/Entry No. BWC 000		12. Entry Type 01 ABI/A		3. Summary Date 10/04/2006	
4. Surety No.		6. Bond Type 8		7. Entry Date 09/24/2006	
8. Port Code 2704		10. Country of Origin TR		11. In-Port Date 09/24/2006	
13. Manufacturer ID		14. Exporting Country TR		16. Date of Entry 10/30/2006	
16. I.T. No.		17. I.T. Date		18. Foreign Port of Loading 55735	
19. U.S. Port of Loading 2704		21. 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.		28. Description of Merchandise		34. Duty Rate	
A. HTSUS No. B. AD/CVD Case No.		A. Gross Weight D. Manifest Qty.		A. HTSUS Rate B. AD/CVD Rate C. IRC Rate D. Misc. Fee	
1 W465000914		11 B03CER1369LY		2700 CABES	
INVOICE 00001 DISPOSED SHAMLES RUBBER GL #015.19.1010 16940 112500 DPR		NOT RELATED		FREE	
HARBOR MAINTENANCE FEE MERCHANDISE PROCESSING FEE		51840 C3959		0.00	
		AS ENTERED		0.125% 0.21%	
Other Fee Summary for Block 39		39. Total Entered Value		CBP USE ONLY	
39.000 106.86		51,840.00		A. Duty Code 857	
Total Other Fees		173.66		B. Ascertained Duty 37. Duty	
36. DECLARATION OF IMPORTER OF RECORD (OWNER OR PURCHASER) OR AUTHORIZED AGENT		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 invoice are true, or <input type="checkbox"/> was not obtained pursuant to a purchase or agreement to purchase and the statements in this invoice are false. I also declare that the statements in this declaration have not fully disclosed to me all of my knowledge and best of the true nature, value, quantity, rebates, drawbacks, free, remissions, and royalties and are true and correct, and goods or services provided to the holder of the merchandise either free of or reduced cost are fully disclosed. I will immediately furnish to the appropriate CBP officer any information showing a different status of the merchandise.		C. Ascertained Tax 38. Tax	
41. DECLARANT NAME		TITLE		D. Ascertained Other 39. Other	
				E. Ascertained Total 40. Total	
47. Broker/Importer Information (Name, address, phone number)		48. Broker/Importer File No. 6841		173.66	
				173.66	

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**

# ***Claim the GSP Savings***

- **Importers of many GSP-eligible goods paid large duties, rather than zero duty**
- **In 2006, \$283,000 in GSP-eligible goods (ten times the GSP-claimed trade) should have received duty-free treatment**
- **Importers mistakenly did not claim them under GSP: refunds may be available for GSP-eligible exports to US in 2007**

# *Examples of GSP-eligible goods that paid duties*

- \$110,000 of pignolia nuts
- \$70,000 of raisins
- \$50,000 of fur apparel and accessories
- \$30,000 of dried apricots and other fruits

## ***Export to the U.S. more GSP-eligible goods***

- **Walnuts**
- **Natural gums**
- **Mixtures of dried fruits and nuts**
- **Dried lentils**
- **Fruit seeds**
- **Marble**
- **Minerals**
- **Gemstone jewelry**

# *Special “A+” Opportunities*

- **Milk and yogurt (up to 17% duty saved!)**
- **Food preparations with flour (10% duty)**
- **Candy:**
  - **Candied nuts (4.5% duty)**
  - **Sugar candy (10.4%-12.2% duty)**
  - **Chocolate (8.5%-10% duty)**



# ***Export Design Work Duty-Free***

- **Many carpets, kilims, and rugs**
- **Gold, silver, and imitation jewelry**
- **Paintings, sculpture, and wall hangings**
- **Wood statues, boxes, and other items**
- **Ceramic ware**
- **Fur apparel and hats**
- **Silk blend scarves, shawls, apparel (70%)**
- **Baskets and handbags of bamboo, rattan, palm leaf and vegetable material**

# ***Export Handicrafts***

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

# Questions?

- **Ms. Khaleda Atta, Commercial Attaché, Embassy of Afghanistan**
  - +1 (202) 2924286
  - [atta@embassyofafghanistan.org](mailto:atta@embassyofafghanistan.org)
  - [www.embassyofafghanistan.org](http://www.embassyofafghanistan.org)
  - [www.afghanistan.business-gateways.com](http://www.afghanistan.business-gateways.com)
  
- **Mr. Suleman Fatimie, President, Export Promotion Agency of Afghanistan**
  - + 93 (0) 79933 6616
  - [fatimie@epca.org.af](mailto:fatimie@epca.org.af)
  - [www.epaa.org.af](http://www.epaa.org.af)
  
- **Mr. Azim Wardak, Head of the International Trade Directorate, Ministry of Commerce and Industry**
  - +93 (0) 700298716
  - [foreigntrade\\_department@yahoo.com](mailto:foreigntrade_department@yahoo.com)
  - [www.commerce.gov.af](http://www.commerce.gov.af)

# ***For Additional Information***

## **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)**

## **Afghanistan Investment/Reconstruction Task Force**

- **[AfghanInfo@ita.doc.gov](mailto:AfghanInfo@ita.doc.gov)**

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

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

## **Foreign Agricultural Service: Islamabad**

- **[agislamabad@yahoo.com](mailto:agislamabad@yahoo.com)**
- **+92 (51) 208-2276**

# **Current Tariff System by Chapter**

**<http://www.usitc.gov/tata/hts/bychapter/index.htm>**

## **SECTION II: VEGETABLE PRODUCTS**

- Section Notes
- Chapter 8 Edible fruit and nuts; peel of citrus fruit or melons

## **SECTION VIII: RAW HIDES AND SKINS, LEATHER, FURSKINS, SADDLERY ARTICLES OF ANIMAL GUT**

- Section Notes
- Chapter 41 Raw hides and skins (other than furskins) and leather
- Chapter 42 Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles of animal gut
- Chapter 43 Furskins and artificial fur; manufactures thereof

# *Harmonized Tariff Schedule of the United States (2007) (Rev.2)*

## **Pignolia Nuts:**

- 0802.90.20 00 In shell . . .kg . . . . .7¢/kg.....  
Free (A,AU,BH,CA.....
- 0802.90.25 00 Shelled . . .kg . . . . .1¢/kg.....  
Free (A,AU,BH,CA.....

## **Dried Grapes (Raisins):**

- 0806.20.10 Made from seedless grapes...kg....8¢/kg....  
Free (A+, AU,BH.....

# ***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/>**

# ***Tashakor !***

