

GAO

Report to the Chairman, Committee on Finance, U.S. Senate, and Chairman, Committee Ways and Means, House of Representatives

September 2007

# INTERNATIONAL TRADE

## U.S. Trade Preference Programs: An Overview of Use by Beneficiaries and U.S. Administrative Reviews



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# Highlights

Highlights of [GAO-07-1209](#), a report to the Chairman, Committee on Finance, U.S. Senate, and the Chairman, Committee on Ways and Means, House of Representatives

## Why GAO Did This Study

Goods imported into the United States under trade preference programs, which extend unilateral tariff reductions to over 130 developing countries to assist their economies, totaled approximately \$92 billion in 2006. The United States offers four primary trade preference programs—the Generalized System of Preferences (GSP), the Caribbean Basin Initiative (CBI), the Andean Trade Preference Act (ATPA), and the African Growth and Opportunity Act (AGOA). Some economists and others have raised concerns about the programs; for example, because the beneficiaries may lose interest in reciprocal multilateral or bilateral trade liberalization. In addition, the global trade context in which the programs operate is changing. Most U.S. trade preference programs will need to be renewed over the next several years. As a result, Congress needs to reexamine the programs and explore options for improvement. To provide information for such a reexamination, at your request we (1) identified and compared key features of U.S. preference programs, (2) analyzed use of U.S. preference programs by beneficiaries, and (3) examined U.S. agency administrative reviews of preference programs.

[www.gao.gov/cgi-bin/getrpt?GAO-07-1209](http://www.gao.gov/cgi-bin/getrpt?GAO-07-1209).

To view the full product, including the scope and methodology, click on the link above. For more information, contact Loren Yager at (202) 512-4347 or [yagerl@gao.gov](mailto:yagerl@gao.gov).

## INTERNATIONAL TRADE

# An Overview of Use of U.S. Trade Preference Programs by Beneficiaries and U.S. Administrative Reviews

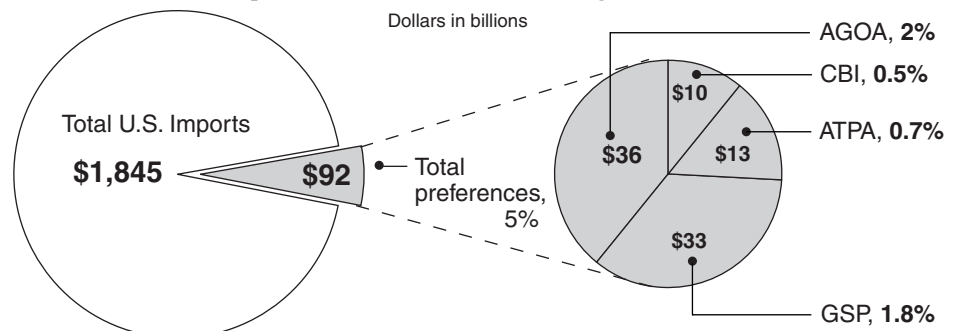
## What GAO Found

U.S. trade preference programs have notable similarities and differences. In general, their goal is to promote economic development in poorer nations by supporting exports. GSP provides a basic level of product coverage available to all beneficiaries, with added products for least-developed beneficiaries. The three regional programs cover additional products and generally have more liberal conditions for product entry than GSP. On the other hand, regional beneficiaries are held to more extensive criteria for participation. Further, the regional programs serve specific foreign policy interests—for example, ATPA complements counternarcotics efforts.

Although they represent a small share of total U.S. imports (see figure), imports under U.S. preference programs have grown sharply since 2002 and constitute a significant share of many beneficiary countries' exports to the United States. For example, fuel imports under preference programs have grown rapidly and, by 2006, accounted for over half of preference imports in terms of value. Other growing sectors include machinery, electronics, jewelry, and agriculture. About 10 countries accounted for over 75 percent of preference imports in 2006. The largest suppliers are Nigeria and Angola, primarily because of fuel imports; India, Thailand, and Brazil are the three largest non-fuel suppliers. Countries that have the highest share of their exports to the United States benefiting from preferences tend to be lower income countries.

U.S. administrative reviews vary in frequency and scope, but have resulted in few changes to country and product eligibility. GSP has annual reviews based on petitions (requests). Between 2001 and 2006, one country was removed from eligibility because of intellectual property rights concerns but was later reinstated after it addressed them. In addition, duty-free imports of products from particular countries above import share or value thresholds are excluded by statute unless a waiver is requested and received. Legislation passed in 2006 required a review of existing GSP waivers above specified competitiveness thresholds; of the nine reviewed, eight were revoked. ATPA has an annual review of country eligibility practices, based on petitions filed, which has not withdrawn or suspended benefits from any country. The reviews of AGOA and CBI are not based on petitions; all AGOA countries are reviewed annually, while CBI countries are reviewed biennially. From 2001 to 2007, four countries lost AGOA eligibility, largely due to concerns about lack of economic reform, rule of law, and human rights.

### Five Percent of U.S. Imports Enter under Preference Programs



Source: GAO analysis of official U.S. Import Statistics for 2006.

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## **Abbreviations**

|          |   |
|----------|---|
| AGOA     | African Growth and Opportunity Act                                    |
| ATPA     | Andean Trade Preference Act   |
| ATPDEA   | Andean Trade Promotion and Drug Eradication Act                       |
| BDC      | Beneficiary developing country (GSP)                                  |
| CAFTA-DR | Central America–Dominican Republic Free Trade Agreement               |
| CBERA    | Caribbean Basin Economic Recovery Act                                 |
| CBI      | Caribbean Basin Initiative  |
| CBTPA    | Caribbean Basin Trade Partnership Act                                 |
| CNL      | Competitive need limitation   |
| FTA      | Free trade agreement  |
| FTAA     | Free Trade Area of the Americas                                       |
| GSP      | Generalized System of Preferences                                     |
| HOPE     | Haitian Hemispheric Opportunity through Partnership Encouragement Act |
| HTS      | Harmonized Tariff Schedule  |
| ITC      | U.S. International Trade Commission                                   |
| LDBDC    | Least-developed beneficiary developing country (GSP)                  |
| USTR     | Office of the U.S. Trade Representative                               |
| WTO      | World Trade Organization  |

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United States Government Accountability Office  
Washington, DC 20548

September 27, 2007

The Honorable Max Baucus  
Chairman  
Committee on Finance  
United States Senate

The Honorable Charles B. Rangel  
Chairman  
Committee on Ways and Means  
House of Representatives

Goods imported into the United States under trade preference programs, which extend unilateral tariff reductions to over 130 developing countries to assist in expanding their economies, totaled approximately \$92 billion in 2006—about 5 percent of total U.S. goods imports. The United States offers one general trade preference program, the Generalized System of Preferences (GSP), and three regional programs, the Caribbean Basin Initiative (CBI),<sup>1</sup> the Andean Trade Preference Act (ATPA), and the African Growth and Opportunity Act (AGOA). These programs are primarily administered by seven U.S. agencies. Trade preference programs offer duty-free access to the U.S. market, with the goal of increasing developing countries' export earnings, development, and growth rates without harming U.S. producers.

U.S. trade preference programs are widely used, but some economists and others have raised questions about them. For example, preferences are complex to administer, have coverage gaps, may result in the diversion of lower-cost trade from nonpreferred countries in favor of beneficiary country trade, and may raise opposition to multilateral or bilateral trade liberalization. In addition, the global trade context in which U.S. trade preference programs operate is changing: an increasing number of countries have entered into two-way free trade agreements with the United States; global trade talks at the World Trade Organization may involve further U.S. movement toward duty-free access; and U.S.

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<sup>1</sup>The Haitian Hemispheric Opportunity through Partnership Encouragement (HOPE) Act is an amendment to CBI, enacted as Title V of the Tax Relief and Health Care Act of 2006 (P.L. 109-432), December 2006. In this report, we at times describe HOPE separately from CBI to illustrate the key characteristics of HOPE.

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restrictions on apparel from China—one main competitor to preference beneficiaries—are slated to be removed.

Most U.S. trade preference programs will need to be renewed over the next several years, with three preference programs expiring next year either partially or in full. As a result, Congress will be reexamining these programs and exploring options for improvement. To provide information for such a reexamination, at your request we (1) identified and compared key features of U.S. preference programs, (2) analyzed use of U.S. preference programs by beneficiaries, and (3) examined U.S. agency administrative reviews of preference programs. On August 3, 2007, we briefed your staff on the results of our analysis. This report formally conveys the information provided during the briefing (see appendix I). In the coming months, we will issue a second report on U.S. trade preference programs that will discuss in more depth their effect on foreign beneficiaries and the United States as well as key challenges the programs face.

To address these objectives, we reviewed and analyzed U.S. laws and regulations, authoritative international trade documents such as U.S. submissions to the World Trade Organization and the Harmonized Tariff Schedule of the United States, and periodicals. We analyzed U.S. trade data to illustrate usage by country, product composition, and changes over time. We spoke with relevant U.S. agencies—including the Office of the United States Trade Representative (USTR) and the Departments of Agriculture, Commerce, and State—and reviewed and analyzed documentation we received from the agencies. We conducted our work from April 2007 to September 2007 in accordance with generally accepted government auditing standards. (For additional details regarding our scope and methodology, see appendix II.)

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## Results in Brief

U.S. trade preference programs have evolved over more than 30 years and have several notable similarities and differences. In general, the goal of all four programs is to promote economic development in poorer nations by supporting increased and diversified exports. GSP establishes a basic level of product coverage common to all the preference programs, with added

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products for least-developed GSP beneficiaries.<sup>2</sup> The regional programs expand on GSP to cover additional products, including most apparel, footwear, and certain leather-related products. The result of various expansions of the programs over time is that, with the exception of “basic GSP,” their product coverage is fairly similar. Also, the regional programs generally have more liberal conditions for product entry than does GSP. On the other hand, regional program beneficiary countries are subject to more extensive eligibility criteria than GSP beneficiary countries, in part reflecting shifts in U.S. trade policy priorities and development philosophy. Further, the regional programs also serve important foreign policy interests. For example, ATPA complements counternarcotics efforts by providing opportunities for legal crops.

Although they represent a small share of total U.S. imports, imports under U.S. preference programs have grown sharply since 2002 and constitute a significant share of many beneficiary countries’ exports to the United States. This growth is due partly to expansion of program and product coverage. For example, fuel imports under preference programs have grown rapidly since 2002 and, by 2006, accounted for over half of preference imports in terms of value across all programs. Other sectors, such as machinery, electronics, jewelry, glassware, and agriculture have also grown. U.S. imports of textiles and apparel also increased until the termination of the Agreement on Textiles and Clothing in January 2005. About 10 countries dominate U.S. preference imports overall, accounting for over 75 percent of preference imports in 2006. The largest suppliers in terms of value of imports are Nigeria and Angola, almost exclusively because of fuel imports. India, Thailand, and Brazil are the three largest non-fuel suppliers. Based on the average income (mean gross domestic product per capita) of all beneficiary countries, the countries that have the highest share of their exports to the United States benefiting from preferences tend to be lower income countries. For higher income developing countries, the share of their exports to the United States benefiting from preferences varies, but tends to be less. For example, Chad is a low-income country, and about 89 percent of its exports to the United States (mostly fuel) enter under preferences; Uruguay is an upper-

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<sup>2</sup>Least-developed beneficiaries are designated by the President on the basis of considerations applicable to all GSP beneficiaries. They are typically on the United Nations list of least-developed countries, which is based on countries’ economic vulnerability; weakness in nutrition, health, education, and adult literacy; and gross national income of less than \$750 per capita.



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middle-income country and about 10 percent of its exports to the United States enter under preferences.

U.S. administrative reviews of beneficiary countries vary in frequency and scope and have resulted in few changes to country and product eligibility. These reviews serve to encourage beneficiary countries to comply with country eligibility criteria, such as taking steps to protect intellectual property rights and eliminate child labor violations.<sup>3</sup> GSP has annual reviews of country and product eligibility, based on petitions (requests) filed with USTR concerning GSP beneficiary countries and products by U.S. industries, governments, or nongovernmental organizations such as labor unions. According to USTR, the United States works with beneficiary countries during a country practice review before the step of removing a country from eligibility is taken in an effort to resolve eligibility and compliance issues. Between 2001 and 2006, one country was removed from eligibility for GSP because of intellectual property rights concerns but was reinstated a few years later after taking steps to resolve the problem. In the GSP program, duty-free imports of products from particular countries above certain import share or value thresholds, also known as competitive need limitations (CNL), are automatically excluded from preferences unless a waiver is requested and received. Previously, such waivers remained in effect indefinitely unless the President determined that circumstances had changed. However, legislation passed in 2006 required an annual review of existing GSP waivers that meet certain competitiveness thresholds. As a result, in 2007 particular countries lost their waivers for eight products, including India (for certain precious metal jewelry) and Brazil (for certain motor vehicle parts). Both beneficiary and nonbeneficiary countries supply these eight products and could benefit from their competitors' loss of GSP preferences. Similar to GSP, ATPA also has an annual review of country eligibility practices,<sup>4</sup> based on petitions filed against beneficiary countries by the public, which has not resulted in the withdrawal or suspension of benefits from any ATPA country. Unlike GSP and ATPA, AGOA and CBI reviews are not based on petitions; all AGOA countries are reviewed on an annual basis to determine eligibility based on the country criteria they must meet, while CBI countries are reviewed biennially by USTR. From 2001 to 2007, four

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<sup>3</sup>U.S. trade preference program beneficiary countries must meet or demonstrate progress towards meeting country eligibility criteria to remain eligible to receive preferences.

<sup>4</sup>In 2002, the Andean Trade Promotion and Drug Eradication Act (ATPDEA) amended ATPA by adding an annual review of country eligibility practices, based on petitions.

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countries lost AGOA eligibility, largely due to concerns about lack of economic reform, rule of law, and human rights.

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## Agency Comments and Our Evaluation

We provided copies of this draft report to USTR, the U.S. International Trade Commission, U.S. Customs and Border Protection, the U.S. Agency for International Development, and the Departments of Agriculture, Commerce, Labor, State, and the Treasury. USTR, U.S. Customs and Border Protection, and the Departments of Commerce and State provided technical comments from their staff to make the report more accurate and clear, which we incorporated as appropriate.

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As agreed with your offices, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies of this report to interested congressional committees; the U.S. Trade Representative; the Secretaries of Agriculture, Commerce, Homeland Security, Labor, State, and the Treasury; the Chairman of the U.S. International Trade Commission; and the Administrator of the U.S. Agency for International Development. We will also make copies available to others upon request. In addition, this report will be available at no charge on the GAO Web site at <http://www.gao.gov>.

If you or your staffs have any questions about this report, please contact me at (202) 512-4347 or [yagerl@gao.gov](mailto:yagerl@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in appendix V.



Loren Yager  
Director, International Affairs and Trade

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Appendix I: Briefing Slides from the August 3, 2007,  
Briefing to Staff of the Senate Committee on Finance  
and the House Committee on Ways and Means

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## **U.S. Trade Preference Programs**

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### **An Overview of Use by Beneficiaries and U.S. Administrative Reviews**

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## Briefing Agenda

- **Background (slides 3-6)**
- **Key Features of U.S. Preference Programs (objective 1, slides 7-15)**
- **Use of U.S. Programs by Beneficiaries (objective 2, slides 16-30)**
- **Program Administrative Reviews (objective 3, slides 31-43)**



## Background: U.S. Offers One General and Three Regional Programs

### General Program

- Generalized System of Preferences (GSP), January 1976, as amended

### Regional Programs

- Caribbean Basin Initiative (CBI)
  - Caribbean Basin Economic Recovery Act (CBERA), August 1983, as amended
  - Caribbean Basin Trade Partnership Act (CBTPA), May 2000
  - Haitian Hemispheric Opportunity through Partnership Encouragement (HOPE) Act, December 2006
- Andean Trade Preference Act (ATPA), December 1991, as amended
  - Andean Trade Promotion and Drug Eradication Act (ATPDEA), August 2002
- African Growth and Opportunity Act (AGOA), May 2000, as amended



## Background: Key Agencies Administer through Two Interagency Mechanisms

### Key Agencies Involved in Interagency Process

USTR  
Commerce  
Agriculture  
Treasury  
State  
Labor  
U.S. International Trade  
Commission

### Trade Policy Staff Committee

- Chaired by USTR and composed of 19 federal agencies and offices, with 7 of these (see left) playing statutory roles
- USTR consults with other government agencies on trade policy matters through the Committee
- Subcommittees on particular programs such as GSP conduct annual reviews of country and product eligibility

### Committee for the Implementation of Textile Agreements

- Interagency group chaired by the Department of Commerce
- Responsible for supervising the implementation of all U.S. textile trade agreements and programs
- Implements the short supply and wool provisions and other aspects of preference programs
- Makes determination whether transshipment has occurred under AGOA, CBTPA, and ATPDEA and establishes penalties in those instances

Note: USAID also provides AGOA-related technical assistance.

Transshipment: As defined in the Trade Act of 2002, illegal textile transshipment occurs when preferential treatment under any provision of law has been claimed for a textile or apparel article on the basis of material false information concerning the country of origin, manufacture, processing, or assembly of the article or any of its components. 4



## Background: Preferences Provide Benefits, but Their Effects and Design Debated

### Original Goals of Preferential Treatment for Developing Countries:

- Provide for greater access to developed country markets
- Develop “infant industries”
- Diversify economies

### Economic Research and Ongoing Debate:

- Preferences widely used
- Provide economic benefits for recipient countries and U.S. consumers

### *But Concerns Remain:*

- Trade diversion
- Complexity, scope of coverage, certainty, and conditionality
- Potential opposition to multilateral and bilateral import liberalization
- Development requires broader trade openness, investment, education, and supportive market-based institutions

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## Background: Congress Faces Key Decisions Next Year in a Changing Trade Policy Context

### Choices

- Preference programs for Andean countries expire Feb. 29, 2008.
- Enhanced CBTPA benefits for apparel/other products expire Sept. 30, 2008.
- GSP expires Dec. 31, 2008.

### Changing Context

- Entry into force of FTAs with certain CBI and ATPA beneficiaries.
- WTO Doha round of global trade talks status, including Hong Kong declaration on duty-free, quota-free market access.
- Limits on China's textile and apparel to be removed.





## Key Features: Regional Programs Based on GSP, but Include More Products and Country Criteria

### Product Coverage

- Regional programs expand on GSP.
- Enhancements added products not eligible under GSP, like most apparel, footwear, and certain leather-related products.

### Country Criteria

- GSP and regional programs have similar country eligibility criteria, but regional programs contain additional criteria.

### Key Conditions and Limitations

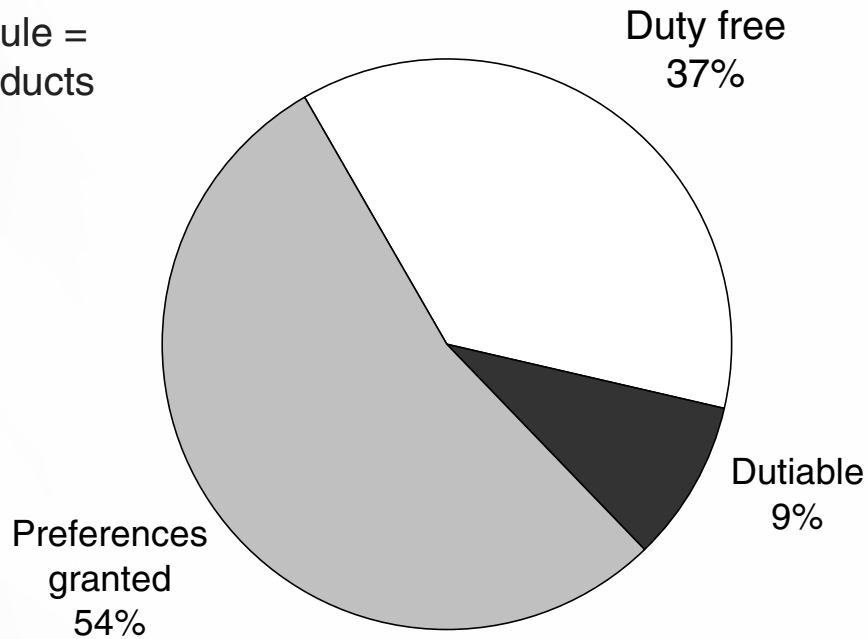
- GSP (including sub-Saharan African countries), CBI, and ATPA have similar non-textile rules of origin. But regional program rules of origin are more liberal overall.
- AGOA and HOPE are the most liberal, allowing imports of apparel made from third-country fabric. However, rules of origin for textile and apparel in regional programs vary and are complex.
- GSP has competitive need limitations and country-income restrictions. AGOA also has some income restrictions for textile and apparel benefits and requires beneficiaries to have an effective anti-transshipment regime.

See appendix IV for country eligibility criteria similarities across programs.



## Key Features: Preference Programs Provide Special Access on Over Half of Tariff Lines

Tariff Schedule = 10,500+ products

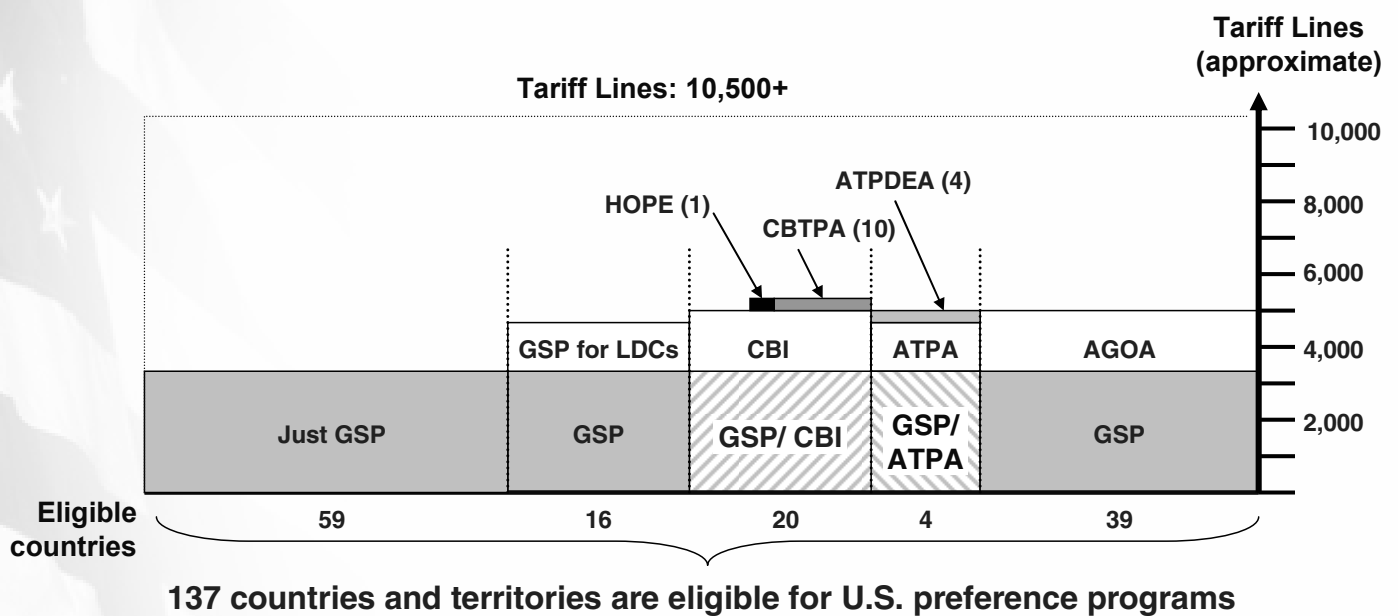


Note: The figure shows the share of the tariff schedule eligible for preferential access under one or more of the U.S. preference programs. The tariff schedule identifies the tariff duty (tax), if any, that is due upon entry of every good into U.S. commerce. Therefore, it provides a comprehensive list of goods that the United States imports. However, the tariff schedule does not show the actual value of trade entering under preferences. We examined the value of imports under preference programs (the use of the programs) in slides 16 and through 30.

Source: GAO analysis of the official 2006 U.S. tariff schedule.



## Key Features: Product Coverage of Other Preference Programs Expands on GSP



Notes: Product coverage for CBI and ATPA overlaps GSP coverage for nearly all GSP products (cross hatching in figure). Five CBI countries have graduated from GSP. Haiti is eligible for GSP-LDC, HOPE, CBI, and CBTPA; 25 AGOA countries are also eligible for GSP-LDC.

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Source: GAO analysis of the official 2006 U.S. tariff schedule and preference program eligibility, Jan. 1, 2007.



## Key Features: Product Coverage of Other Preference Programs Expands on GSP (cont.)

This slide provides a comparison of the number of countries eligible for various preference programs (the X-axis, not to scale) and the number of products (tariff lines eligible for the programs (the Y-axis).

- *Countries:* Along the X-axis the number of countries eligible for each program is shown. Most countries that are eligible for one of the 3 regional programs are also eligible for GSP. There are 59 countries eligible only for GSP and 16 countries eligible for only GSP and GSP for the least developed countries.
- *Products:* Along the Y-axis the number of products eligible for each program or program extension is shown. For example, GSP provides benefits on about 3,400 products and AGOA extends GSP by adding another approximately 1,800 products, for a total of about 5,200 products. This is out of a total of over 10,500 products. The hatch marks on “GSP/CBI” and “GSP/ATPA” indicate that products coming from CBI or ATPA countries are eligible to enter under either the GSP program or the regional program. GSP under AGOA is not hatched because the legislation authorizing AGOA simply made all AGOA countries eligible for GSP (with certain enhancements) but did not duplicate the product coverage of the GSP program.



## Key Features: GSP

**Objective:** Create economic opportunities in developing countries while expanding U.S. industry and consumer choices

### **Beneficiaries**

132 countries and territories designated, including 42 least-developed countries

### **Product Coverage**

- About 3,400 products eligible
- Plus 1,400 more for least-developed beneficiary countries

### **Review Cycle**

Annual review of eligible products, competitive need limitation waivers, and certain country practices based on petitions or USG initiation

### **Country Criteria**

#### *Mandatory exclusion if:*

- Communist country
- Cartel member
- Extends preferential treatment to developed country, with adverse effects on the U.S.
- Nationalizes or expropriates property of U.S. citizen/business entity
- Fails to recognize or enforce arbitral award favoring U.S. citizen/business entity
- Grants sanctuary to international terrorists
- Does not afford internationally recognized workers' rights
- Has not met commitment to eliminate worst forms of child labor

✓ The President can waive certain mandatory criteria based on U.S. interests

#### *Discretionary review:*

- Desire to be designated
- Level of economic development
- Whether other developed countries extend similar preference treatment
- Commitment to extend access to countries' markets and resources
- Extent of adequate intellectual property rights protection
- Extent of action to reduce trade distorting policies
- Whether has taken steps to grant internationally recognized workers' rights

### **Key Conditions and Limitations**

- 35% added value within country and approved region
- Third-country inputs "substantially transformed"
- Shipments directly from beneficiary country
- Annual ceilings (competitive need limitations) on imports of each product by country, except from least-developed countries
- Mandatory graduation after country reaches World Bank "high income" level

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## Key Features: CBI

**Objective:** Assist Caribbean Basin countries in developing their economies and diversify exports to expand trade between the United States and CBI beneficiary countries

### **Beneficiaries**

- Originally, 24 countries and dependent territories eligible for CBERA, 14 of 24 countries fully eligible for CBTPA
- After CAFTA-DR entry into force, 6 countries have lost or will lose their beneficiary status

### **Product Coverage**

- GSP plus over 1,900 tariff lines
- CBTPA adds certain textiles and apparel, canned tuna, petroleum products, footwear, handbags, luggage, flat goods, work gloves, leather wearing apparel, and watches and watch parts

### **Review Cycle**

- Biennial reports to Congress:
- USTR on operation and compliance with eligibility criteria
  - ITC impact assessment

### **Country Criteria**

#### *Mandatory exclusion if:*

- Communist country
- Nationalizes or expropriates property of U.S. citizen/business entity
- Fails to recognize or enforce binding arbitral awards favoring U.S. citizens/business entity
- Extends preferential treatment to developed countries, with adverse effects on the U.S.
- Government-owned entity broadcasts copyrighted materials without consent
- Is not party with U.S. to agreement concerning extradition of U.S. citizens
- Does not afford internationally recognized workers' rights
  - ✓ The President can waive certain mandatory criteria based on U.S. interests

### **Key Conditions and Limitations**

- 35% added value, with regional accumulation and 15% of U.S. origin for non-textile & apparel
- Similar to GSP, third-country inputs "substantially transformed"
- Not subject to GSP competitive need limitation and country-income restrictions
- Qualifying rules for apparel vary by product

#### *Discretionary review:*

- Economic conditions
- Desire to be designated
- Market access/WTO rules
- Use of export subsidies
- Contribution to regional revitalization
- Self-help to promote economic development
- Affords internationally recognized workers' rights
- Provides intellectual property rights protection
- WTO commitments (CBTPA only)
- Participation in FTAA negotiations (CBTPA only)
- Transparency in government procurement (CBTPA only)
- Anti-transshipment provisions (CBTPA only)
- Eliminate child labor violations (CBTPA only)
- Cooperate with counternarcotic initiative (CBTPA only)



## Key Features: HOPE

**Objective:** Promote the development of the garment industry in Haiti

### **Beneficiaries**

Haiti

### **Product Coverage**

- Apparel, wire harness automotive components

### **Review Cycle**

- ITC one-time 18-month review

### **Country Criteria**

*Has established or making progress towards:*

- Market-based economy that protects private property rights
- Rule of law and political pluralism
- Elimination of barriers to U.S. trade and investment
- Economic policies to reduce poverty
- System to combat corruption and bribery
- Protection of internationally recognized workers' rights

*And may not:*

- Undermine U.S. national security and foreign policy nor commit gross violations of human rights or support international terrorism

### **Key Conditions and Limitations**

- Wholly assembled or knit-to-shape in Haiti, and at least 50% value added
- Third-country fabric provision for apparel products, subject to an annual cap



## Key Features: ATPA

**Objective:** Promote broad-based economic development, diversification of exports, and consolidation of democracy and combat drug production and trafficking by providing sustainable economic alternatives to beneficiary countries

### Beneficiaries

Bolivia, Colombia, Ecuador, and Peru

### Product Coverage

- GSP plus over 1,600 tariff lines
- ATPDEA adds certain textiles and apparel, footwear, tuna (not canned), petroleum, watches, certain handbags, luggage, flat goods, work gloves, leather wearing apparel

### Review Cycle

- Similar to GSP, annual review of country eligibility practices based on petitions (ATPDEA)
- Biennial review process:
  - USTR on operation and compliance with eligibility criteria;
  - ITC impact assessment

### Country Criteria

*Mandatory exclusion if:*

- Communist country
- Nationalizes or expropriates property of U.S. citizen/business entity
- Fails to recognize or enforce binding arbitral award favoring U.S. citizen/business entity
- Fails to work on adequate intellectual property rights protection
- Extends preferential treatment to a developed country, with adverse effects on the U.S.
- Not signatory regarding extradition of U.S. citizens
- Does not afford internationally recognized workers' rights
- Government-owned entity broadcasts copyrighted materials without U.S. owner's consent
- ✓ President can waive certain mandatory criteria based on U.S. interests

*Discretionary:*

- Economic conditions/development efforts
- Desire to be designated
- Market access
- WTO commitments
- Use of export subsidies
- Contribution to regional revitalization
- Participation in FTA negotiations (ATPDEA only)
- Cooperate with counternarcotic initiative (ATPDEA only)
- Eliminate child labor violations (ATPDEA only)
- Anti-corruption efforts (ATPDEA only)
- Transparency in government procurement (ATPDEA only)
- Cooperation with U.S. anti-terrorism efforts (ATPDEA only)

### Key Conditions and Limitations

- 35% added value, with regional accumulation for non-textile and apparel
- Similar to GSP, third-country inputs "substantially transformed"
- Not subject to GSP competitive need limitation and country-income restrictions 14
- Qualifying rules for apparel vary by product





## Key Features: AGOA

**Objective:** Promote free markets, expand U.S.- African trade and investment, stimulate economic growth, and facilitate sub-Saharan Africa's integration into global economy

### **Beneficiaries**

48 countries potentially eligible, 39 beneficiaries

### **Product Coverage**

- GSP plus more than 1,800 tariff lines
- These include certain textiles and apparel, watches, electronic articles, steel articles, footwear, handbags, luggage, flat goods, work gloves, leather wearing apparel, and manufactured glass products

### **Review Cycle**

Annual review of each country's eligibility

### **Country Criteria**

*GSP requirements, plus established/ made progress towards establishing:*

- Market economy
- Economic reform
- Elimination of trade barriers
- Political pluralism

*And may not:*

- Undermine U.S. national security and foreign policy nor commit gross violations of human rights or support international terrorism

### **Key Conditions**

- Third-country fabric provision for apparel products produced in "lesser developed" beneficiaries up to an annual cap
- "Abundant supply" provision to encourage use of regional fabric

- Rule of law
- Anti-corruption
- Poverty reduction
- Internationally recognized workers' rights
- Elimination of worst forms of child labor



## Use of U.S. Preference Programs by Beneficiaries

### Compared to Overall U.S. Imports

- Relatively small share of U.S. imports

### Trends in Imports under Preference Programs

- Imports rising rapidly for AGOA and GSP
- Fuel imports rising rapidly since 2002
- Non-fuel imports growing in certain sectors
- Program imports increased after programs expanded
- GSP affected by length and continuity of authorization

### Composition of Preference Program Use

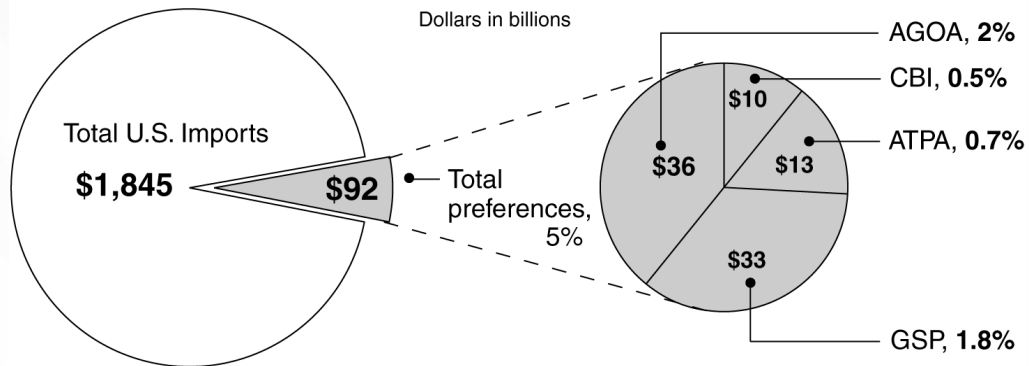
- Fuel imports dominate preference imports overall
- Small number of countries dominate preference imports overall

### Importance to the Beneficiaries

- Among largest suppliers, share of imports receiving preferences is mixed
- Low-income countries have highest shares of preference imports



## Compared to Overall U.S. Trade: Programs Account for Small Share



Source: GAO analysis of official U.S. Import Statistics for 2006.

### ***U.S. preference imports across all programs accounted for about 5 percent of U.S. imports in 2006***

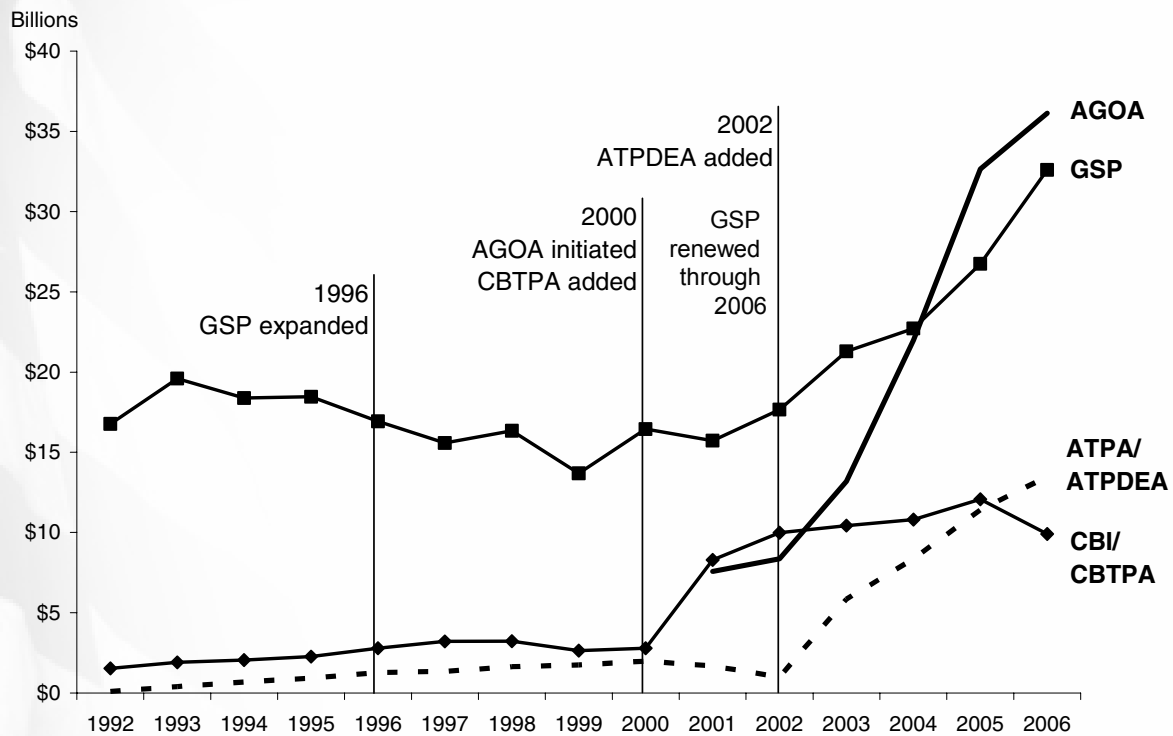
Note: CBI includes CBTPA imports and ATPA includes ATPDEA imports. Shares based on dollar value of imports. Program values based on preferences actually claimed upon entry.

Source: GAO analysis of U.S. official trade statistics.



## Trends: U.S. Preference Imports Level Prior to 2000; Increased Rapidly Since 2002

U.S. Imports by Preference Program

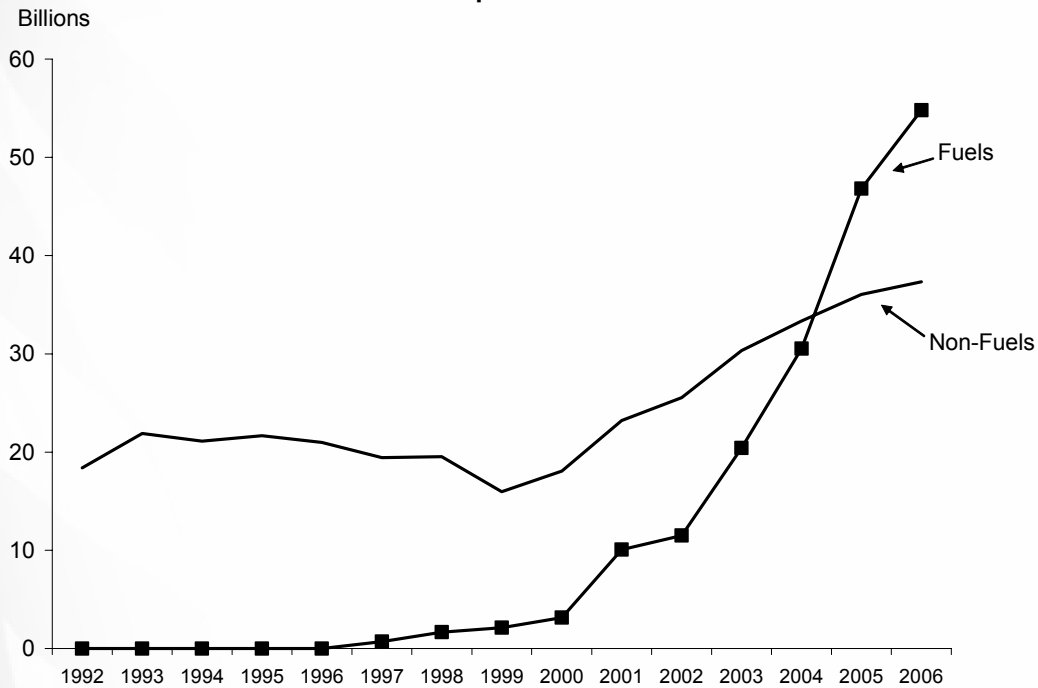


Source: GAO analysis of U.S. official trade statistics, based on preferences actually claimed upon entry. See methodology appendix for definitions of product sectors.



## Trends: Fuel Imports Growing Rapidly Since 2002

U.S. Preference Imports: Fuels versus Non-Fuels



Note: Non-fuel imports include all goods imports except those in the Harmonized Tariff Schedule, chapter 27. See methodology appendix for definitions of product sectors. Values represent preference imports for all programs combined.

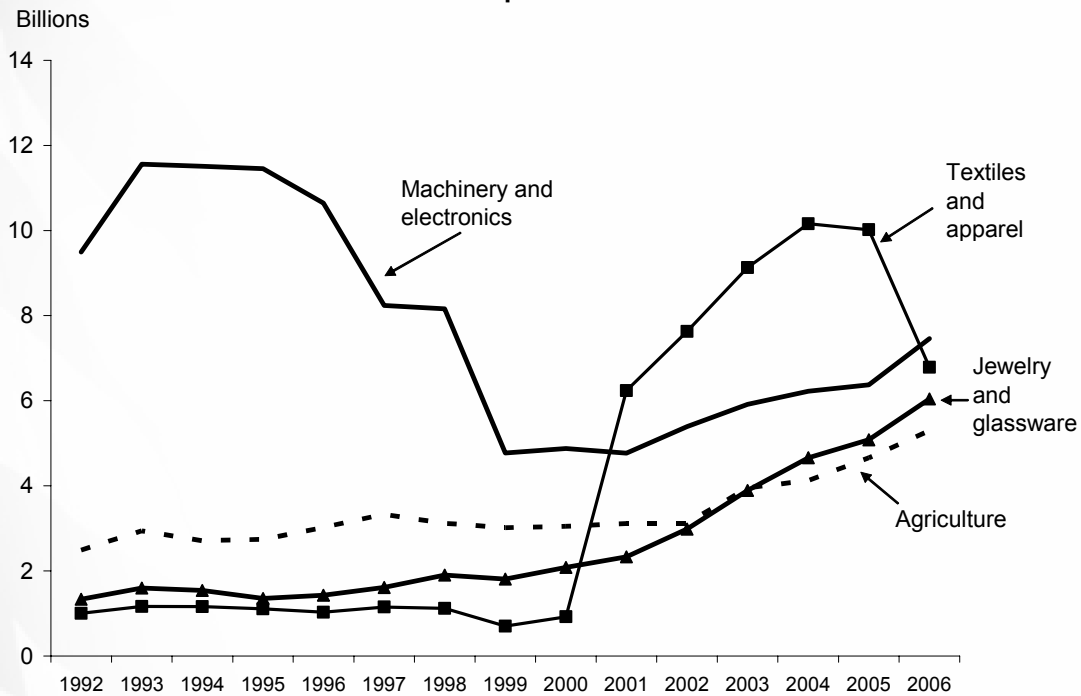
19

Source: GAO analysis of U.S. official trade statistics, based on preferences actually claimed upon entry.



## Trends: Imports Have Grown In Non-fuel Sectors Since 2000

U.S. Preference Imports for Selected Sectors

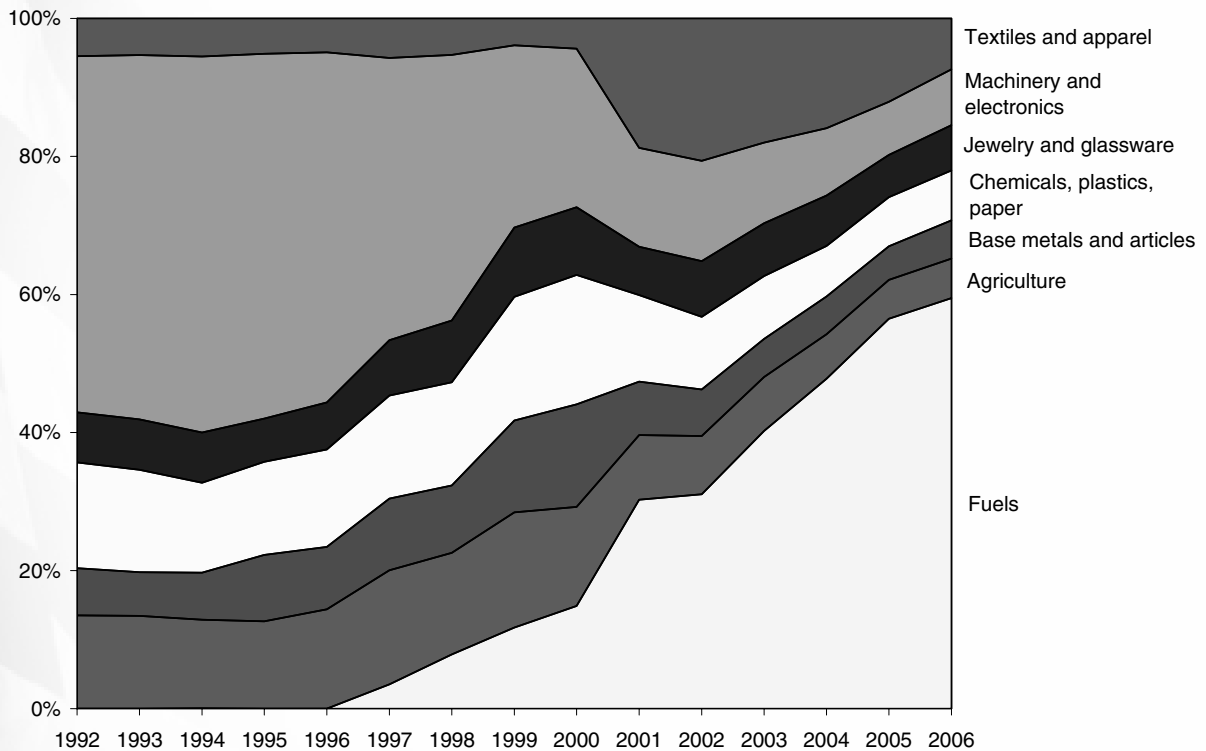


Note: Some beneficiaries were removed from GSP eligibility over the time period. Major textile and apparel suppliers from the Caribbean Basin became U.S. FTA partners (El Salvador, Guatemala, Honduras, Nicaragua) in 2006 and were removed from preferences. See methodology appendix for definitions of product sectors. Agency officials told us that the end of the agreement on textiles and clothing also impacted growth in textile and apparel imports from preference countries. 20  
 Source: GAO analysis of U.S. official trade statistics, based on preferences actually claimed upon entry.



## Composition: Fuel Grew to Account for More than 50 Percent of U.S. Preference Imports

Share of Total U.S. Preference Imports by Sector

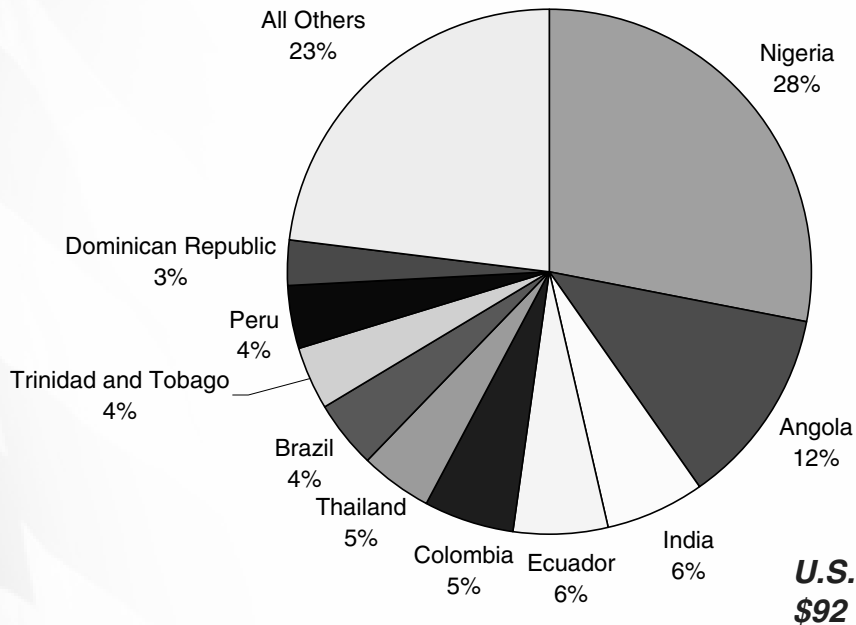


Source: GAO analysis of U.S. official trade statistics, based on preferences actually claimed upon entry. See methodology appendix for definitions of product sectors.



## Composition: Top 10 Suppliers Account for over 75 Percent of U.S. Preference Imports

Share of Total Preference Imports (All Programs) 2006



**U.S. preference imports = \$92 billion**

Note: "All Others" includes 127 countries.

Source: GAO analysis of U.S. official trade statistics, based on preferences actually claimed upon entry.

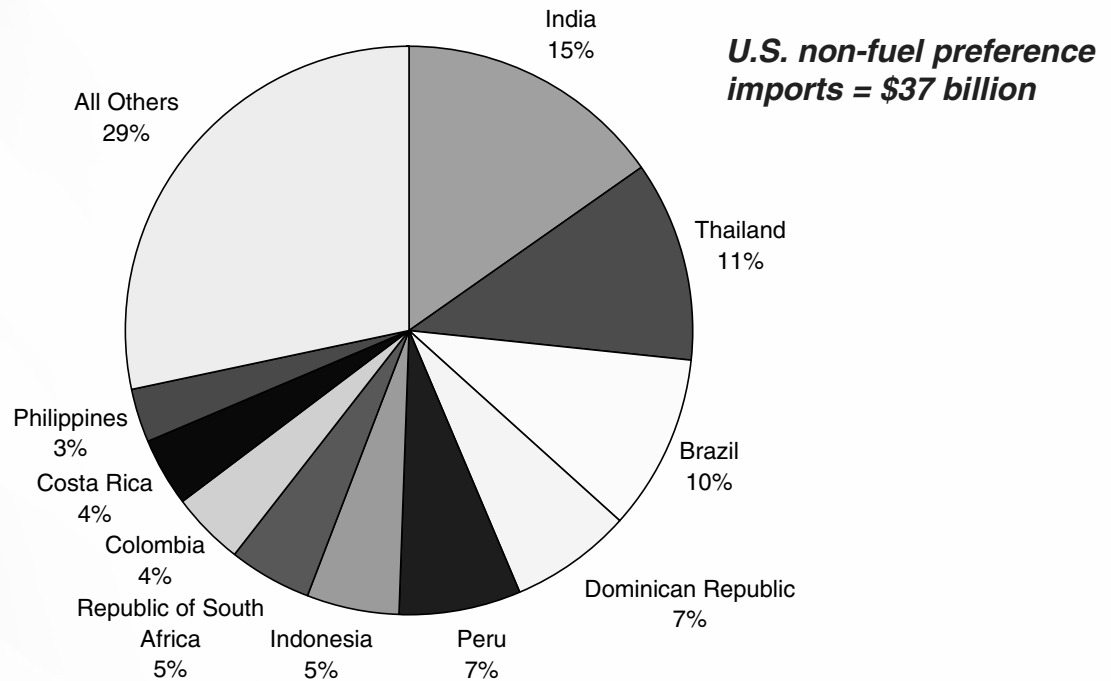
22





## Composition: Top Non-fuel Suppliers are India, Thailand, and Brazil

Share of Non-Fuel Preference Imports (All Programs) 2006



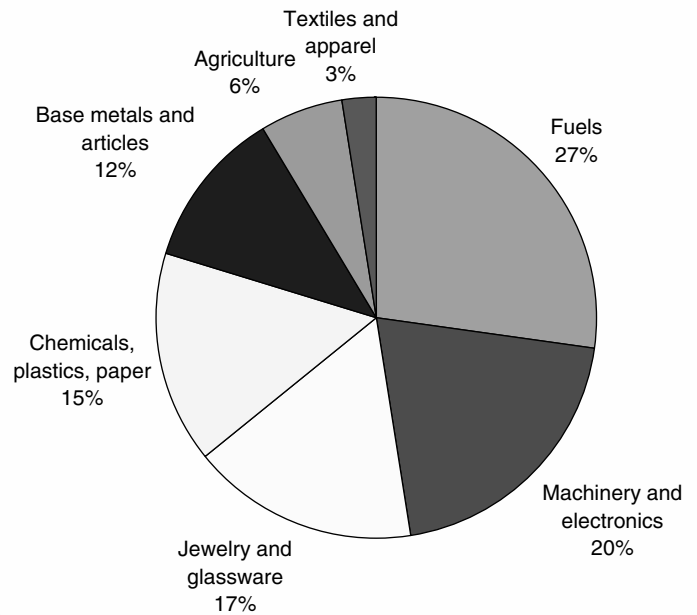
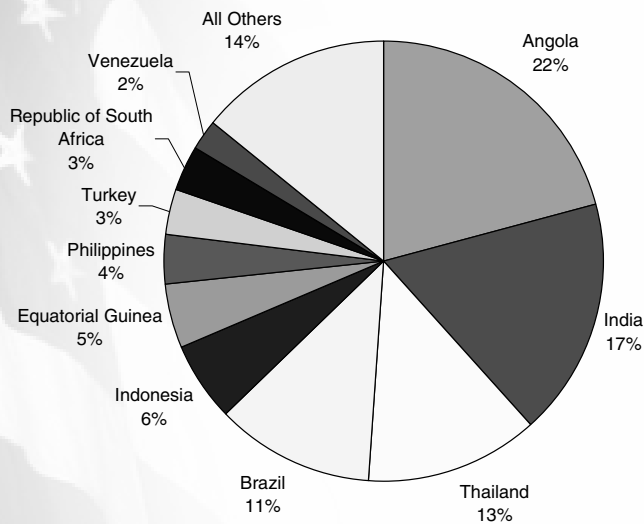
Note: "All Others" includes 127 countries.

Source: GAO analysis of U.S. official trade statistics, based on preferences actually claimed upon entry.

23



## Composition: GSP Dominated by Few Countries, but Products Diverse



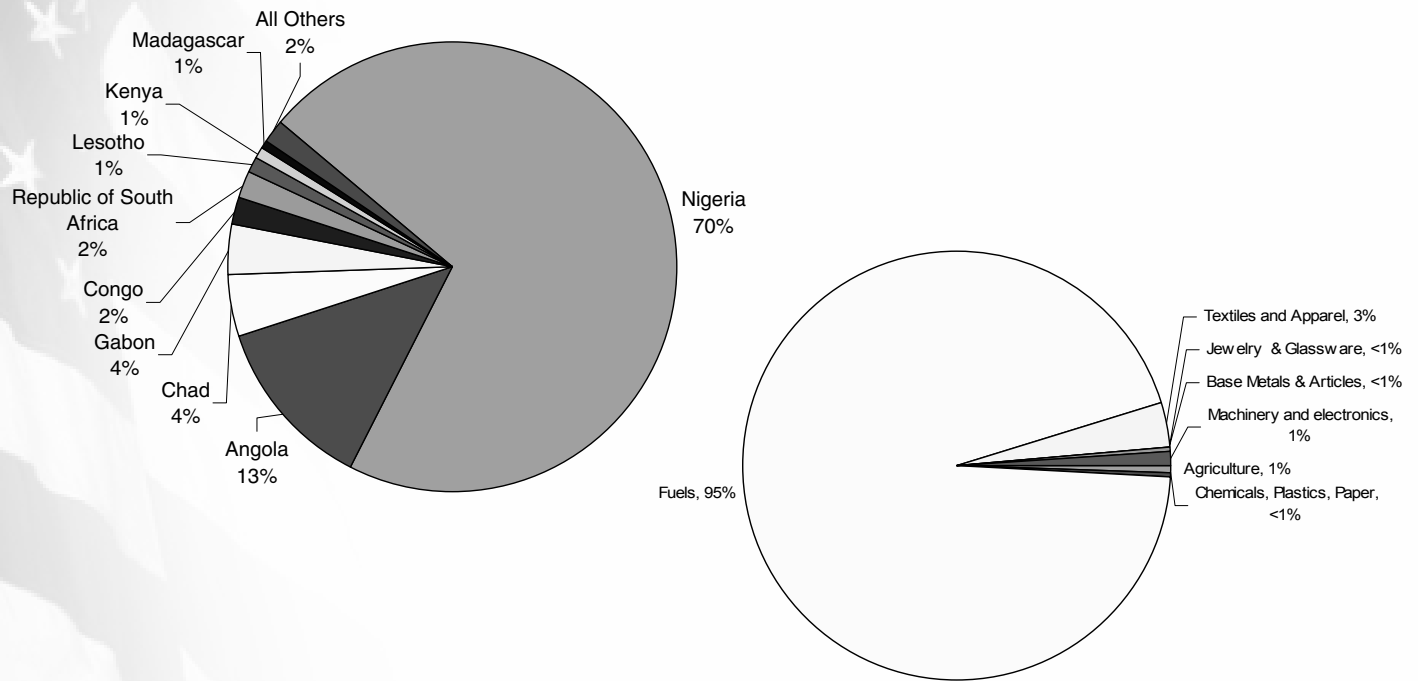
### **U.S. GSP Imports = \$33 billion**

Note: See methodology appendix for definitions of product sectors.

Source: GAO analysis of 2006 U.S. official trade statistics, based on preferences actually claimed upon entry.



## Composition: AGOA Dominated by Nigeria and by Fuels



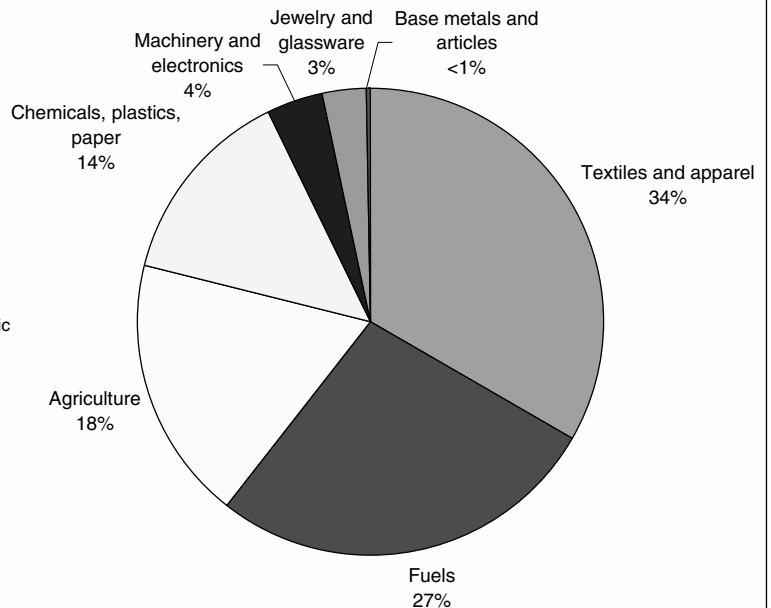
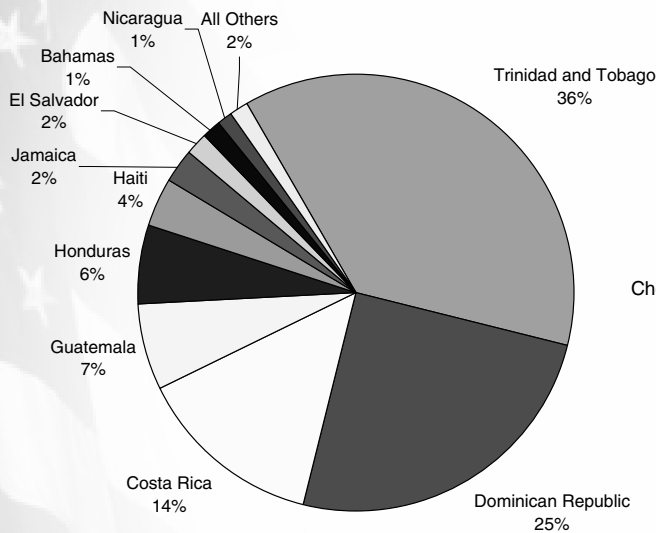
### U.S. AGOA Imports = \$36 billion

Note: See methodology appendix for definitions of product sectors.

Source: GAO analysis of 2006 U.S. official trade statistics, based on preferences actually claimed upon entry.



## Composition: CBI/CBTPA Dominated by Three Countries and Few Products



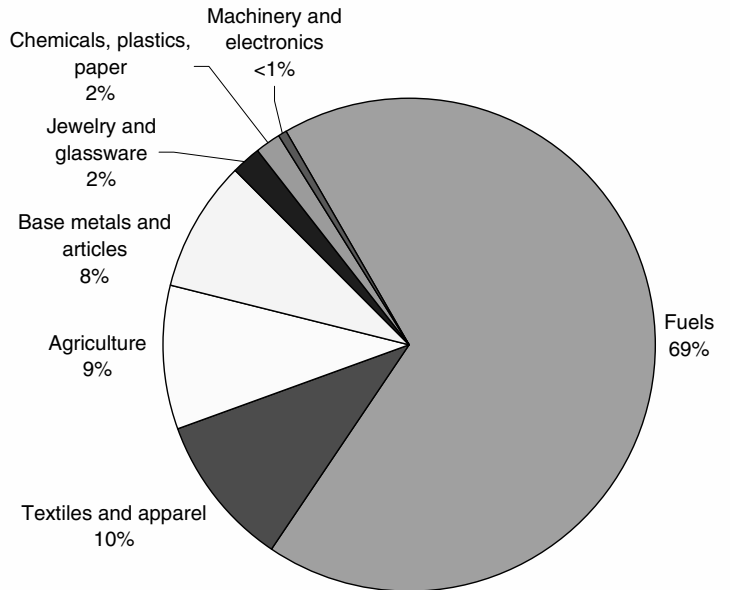
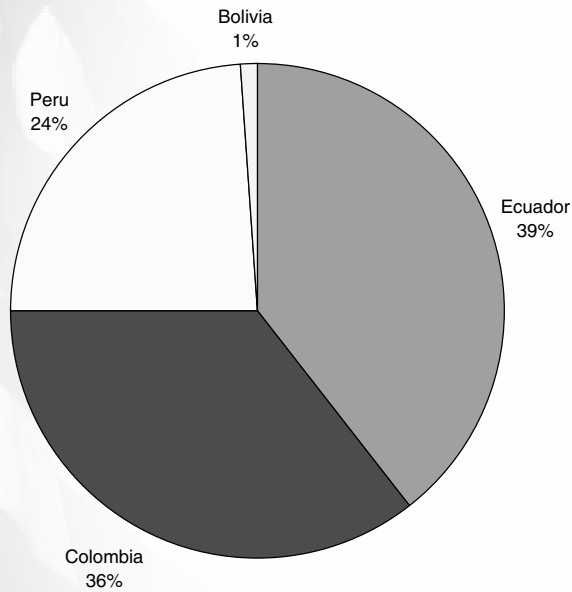
### U.S. CBI/CBTPA Imports = \$10 billion

Note: El Salvador, Guatemala, Honduras, Nicaragua became U.S. FTA partners during 2006 (and the Dominican Republic in 2007) and were removed from the CBI preference program at different times during the year. Costa Rica remains a CBI beneficiary as it not yet ratified the CAFTA-DR. See methodology appendix for definitions of product sectors.

Source: GAO analysis of 2006 U.S. official trade statistics, based on preferences actually claimed upon entry.



## Composition: ATPA/ATPDEA Dominated by Fuels, but Three Countries Split Benefits



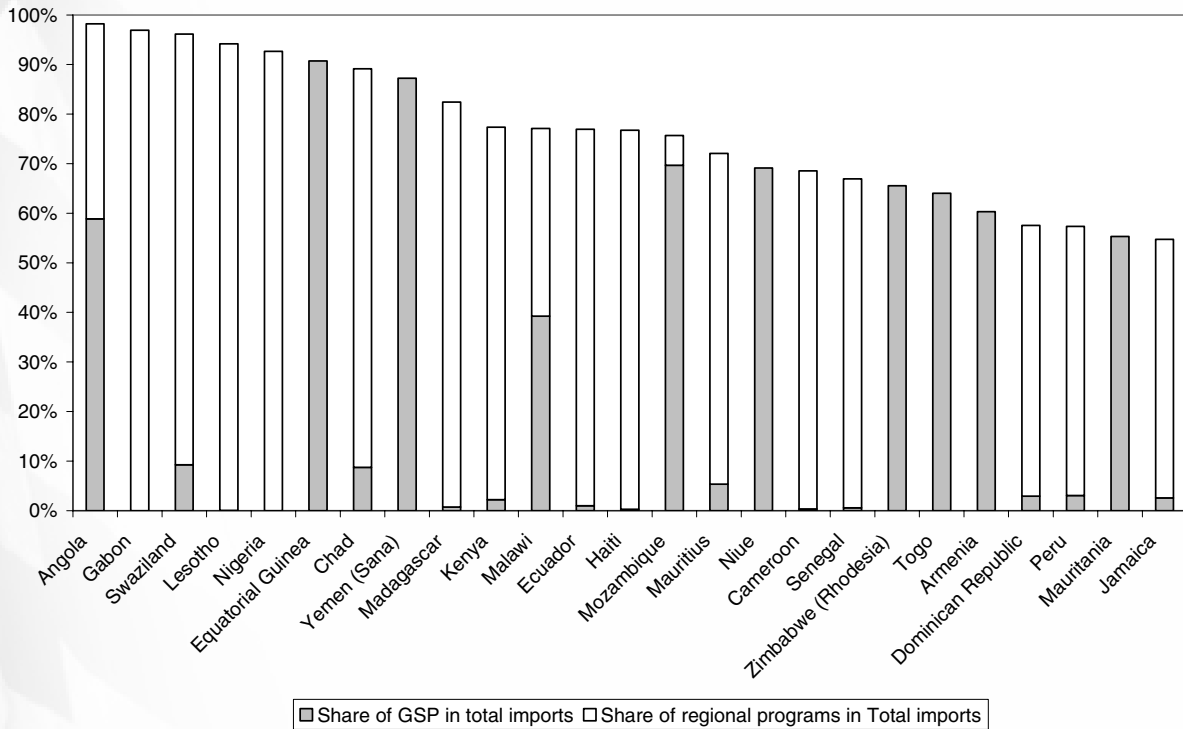
**U.S. ATPA/ATPDEA Imports = \$13 billion**

Note: See methodology appendix for definitions of product sectors.

Source: GAO analysis of 2006 U.S. official trade statistics, based on preferences actually claimed upon entry.



## Importance to Beneficiaries: Preferences Are a Significant Share of Imports for Many

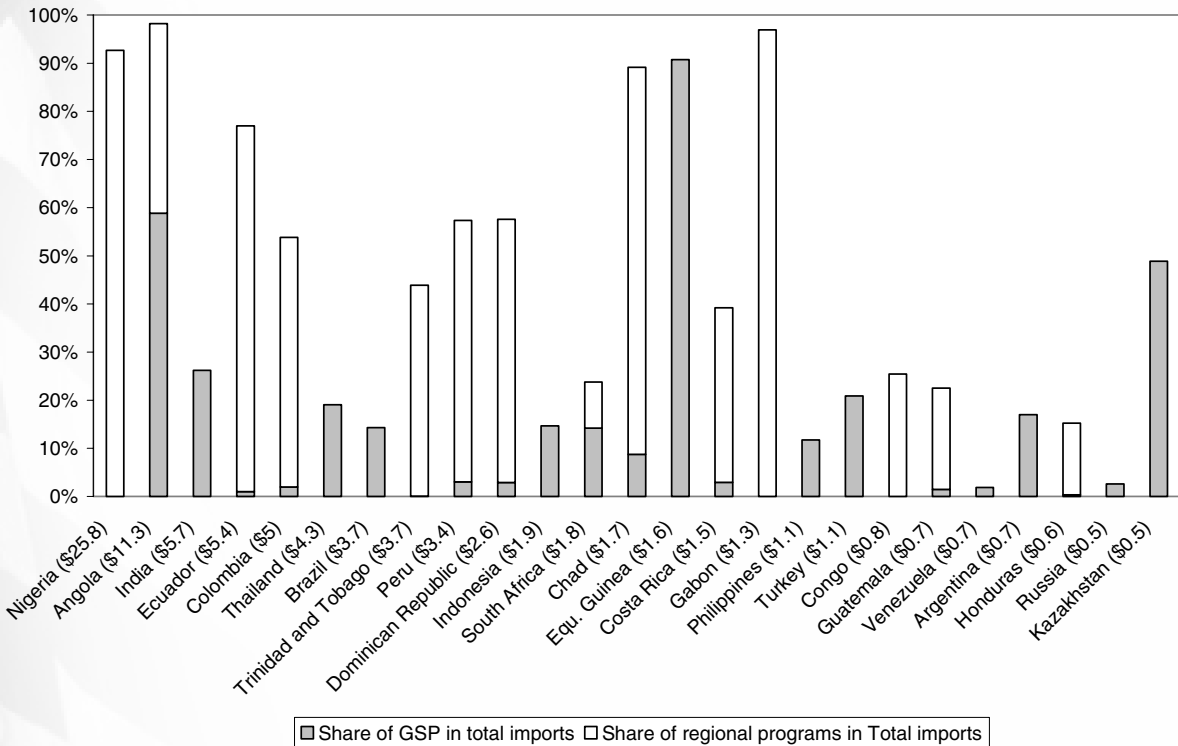


Note: Figure shows the top preference program users by ratio of preference imports to total imports to the United States in 2006 in descending order.

Source: GAO analysis of 2006 U.S. official trade statistics, based on preferences actually claimed upon entry.



## Importance to Beneficiaries: Among Largest Suppliers, Share of Imports Receiving Preferences Is Mixed

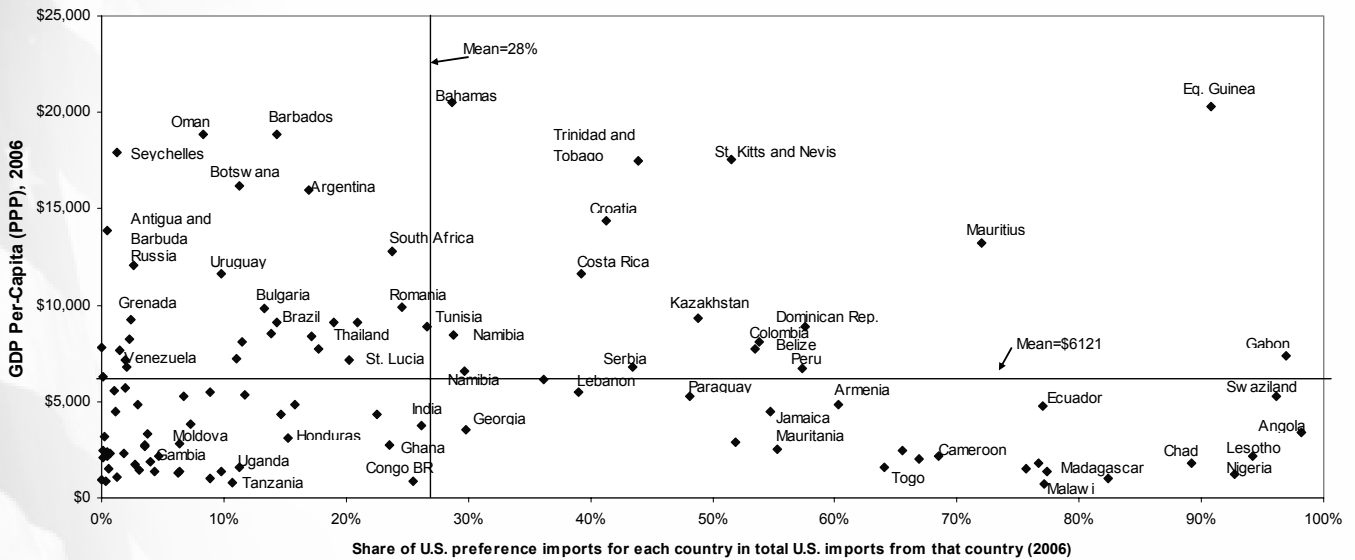


Note: Total value of preference imports (2006, billions of dollars) is listed in parentheses following each country's name. Countries are listed in descending order based on their preference imports.

Source: GAO analysis of 2006 U.S. official trade statistics, based on preferences actually claimed upon entry.



## Importance to Beneficiaries: Lower Income Countries Have High Shares of Preferences in Their Total Imports



Note: Income figures are per capita GDP based on purchasing power parity. The GSP program uses per capita GDP based on the Atlas method. Both are available from the World Bank.

Source: GAO analysis of 2006 U.S. official trade statistics and data on per capita income from the World Bank.





## U.S. Review: Preference Program Reviews Differ in Scope and Frequency

### **GSP**

- Periodic special and regular annual reviews of country and product eligibility, see slides 32–40

### **ATPA**

- Annual review of country eligibility practices based on petitions (under ATPDEA), see slides 41-42

### **AGOA**

- Annual review of each country's eligibility, see slide 43

### **CBI**

- Biennial report

### **HOPE**

- One-time review



## U.S. Review – GSP: Country, Product, and Country Practice Reviews

### Process

#### **Special Review (begun 2005)**

- 13 beneficiaries reviewed for graduation
- 83 CNL waivers reviewed for revocation

#### **Annual Review**

- Competitive need limitations
- CNL waiver revocation
- Product redesignation
- Petitions considered
  - CNL waivers
  - Product addition/removal
  - Restoration of duty-free status
  - Country practices

### Outcomes

#### **Special Review (ongoing)**

- No final determination made on country graduations and CNL waivers.
- However, Congress set statutory thresholds for CNL waiver revocation (now included in annual review).

#### **Annual Review (2006)**

- Of the 178 products reviewed for exceeding CNLs:
  - 62 previously excluded from GSP
  - 97 granted *de minimis* waivers
  - 3 CNL waiver petitions granted
    - 5 of 8 petitions denied, but 2 did not need a waiver and 1 received a *de minimis* waiver
  - 16 newly excluded, of which
    - 2 were eligible for *de minimis*
    - 2 CNL petitions denied
- 8 of 9 CNL waivers revoked
- 16 of 172 products eligible for redesignation restored to GSP (all from Andean region)
- No product additions or removals
- 4 country practice reviews continue; rest resolved or not accepted

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## U.S. Review – GSP: Country, Product, and Country Practice Reviews (cont.)

By law, the competitive need limitation (CNL) is reached when U.S. imports of a specific product from a country (1) account for 50 percent or more of the value of total U.S. imports of the product from all countries, or (2) exceed a certain dollar value. In 2007, the dollar value limit is \$130 million; the limit increases by \$5 million each year. A beneficiary country will automatically lose duty-free access on July 1 of the following year for a product if the CNL is exceeded in a given year and the country is not granted a CNL waiver for that product.

The President may grant a CNL waiver for a product, thereby allowing the country to receive duty-free treatment of U.S. imports of that product. A petition for a waiver may be filed during the annual GSP review based on deadlines indicated in the review's Federal Register Notice announcement. Least-developed beneficiary countries are statutorily excluded from (not subject to) CNLs.

CNL waivers remain in effect until the President determines that circumstances have changed and the waiver is no longer warranted. Legislation in 2006 provided that the President "should" revoke any waiver in effect for at least 5 years if the country's U.S. import level for the product in the previous year exceeded (1) 150 percent of the annual dollar limit mentioned above or (2) 75 percent of all U.S. imports of the product.

A product removed from GSP eligibility because a country exceeded a CNL in one year may be redesignated as GSP-eligible for that country if import levels of the product are below the CNL in a subsequent year.

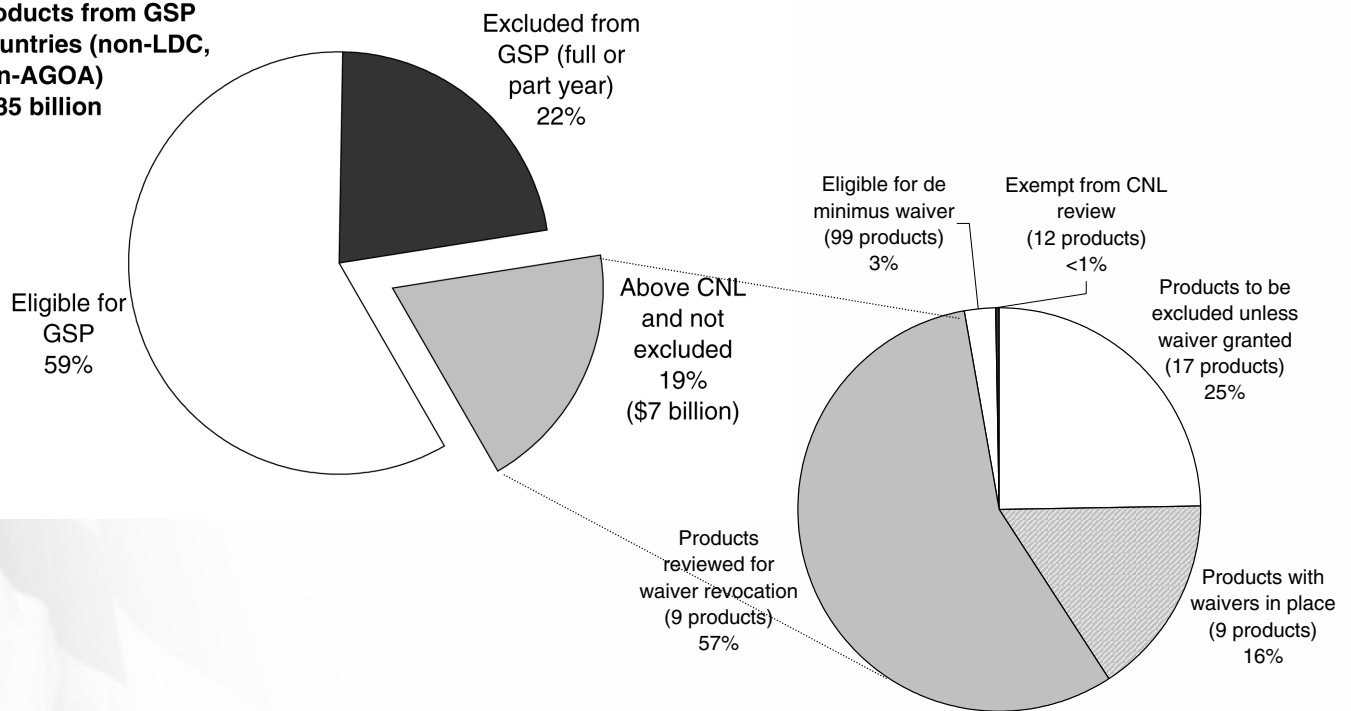
By law, a *de minimis* CNL waiver may be granted when total U.S. imports of a product from all countries are below a certain level. In 2007, the *de minimis* level is \$18.5 million; the limit increases by \$0.5 million each year.

See slides 34 - 36 for more information on the CNL waiver revocation review for 2006.



## U.S. Review – GSP: One-Fifth of GSP Imports Faced Competitive Need Limitations, 2006

**Total Imports of GSP Products from GSP Countries (non-LDC, non-AGOA) = \$35 billion**



Note: CNL thresholds in 2006 were imports of the product by a beneficiary country greater than \$125 million or imports of a value equal to or greater than 50 percent of total U.S. imports of the product.

Source: GAO analysis of official U.S. tariff and trade data and data on GSP from USTR.



## U.S. Review – GSP: One-Fifth of GSP Imports Faced Competitive Need Limitations, 2006 (cont.)

This slide provides information on the value of trade affected by the CNL review for 2006. The left pie chart shows the total value of imports subject to the review (\$35 billion). It includes all imports of GSP-eligible products from GSP-eligible countries, except the least-developed beneficiaries and AGOA beneficiaries since these are excluded from the CNL review. The right pie chart shows the \$7 billion in trade that was subject to the CNL review, not already excluded from GSP, and above the CNL threshold for 2006. Of this amount, about 57 percent (9 products) already had CNL waivers in place, but were above the new statutory thresholds set in 2006 that required a Presidential review of whether to revoke the waiver.



## U.S. Review – GSP: Revocation of CNL Waivers May Aid Both GSP and Non-GSP Countries

### President revoked 8 CNL waivers in June 2007 based on new statutory thresholds, including:

Certain precious metal jewelry: India (33 percent of imports, \$2.2 billion); Thailand (11 percent of imports, \$700 million)

- China and Hong Kong are the largest non-GSP suppliers;
- Over 100 suppliers, including Turkey, Indonesia and other GSP countries

Certain motor vehicle parts: Brazil (6 percent of imports, \$210 million)

- Over 60 suppliers, including many GSP countries (small shares); however, the market was led by Canada and Mexico, followed by Japan and China

Ferrozirconium: Brazil (97 percent of imports, \$0.5 million)

- United Kingdom and China only other suppliers (3 percent of imports, total)

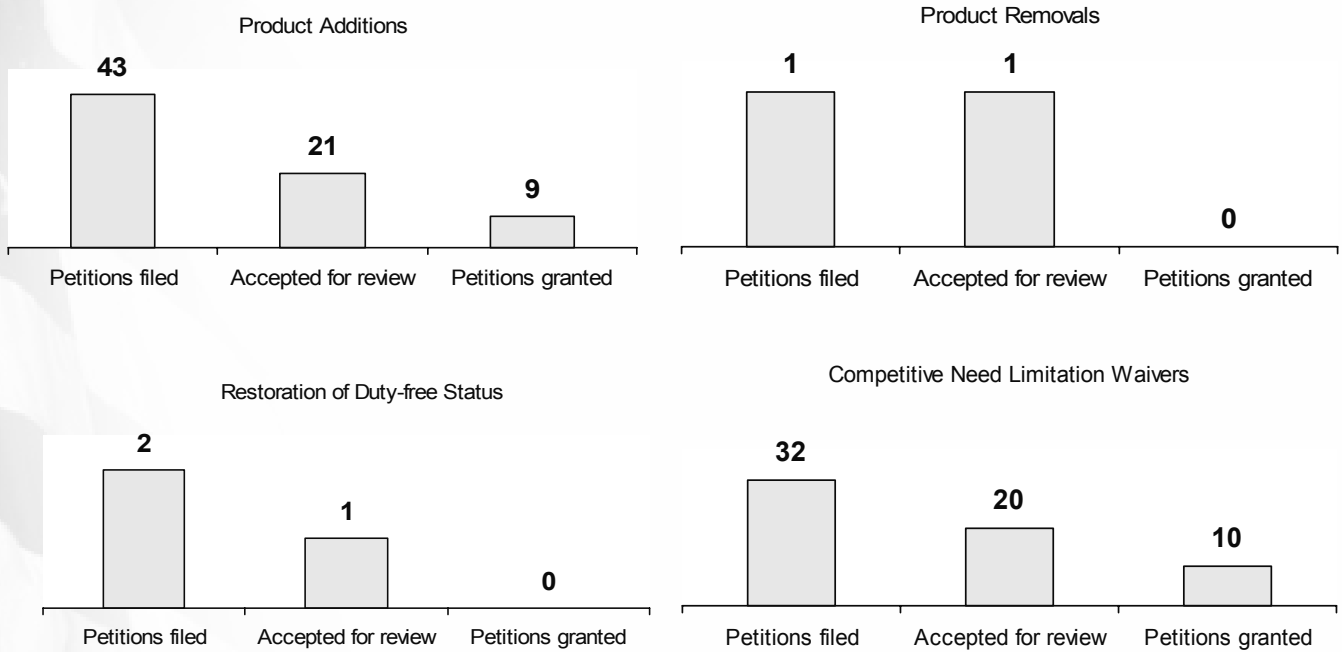
Kola nuts (fresh or dried, shelled) from Ivory Coast (86 percent of imports, \$4.5 million)

- Cameroon, France, Jamaica, South Africa, Nigeria, Senegal also supply U.S.



## U.S. Review - GSP: Recent Annual Product Reviews Resulted in No Product Removals, Some Additions

### Numbers of Petitions Filed in GSP Annual Reviews, 2004-2006



Note: Some CNL waiver petitions were initiated by the U.S. government—specifically, in response to the December 2004 tsunami in Asia.

Source: GAO analysis of petitions filed with USTR

37



## U.S. Review - GSP: Recent Annual Product Reviews Resulted in No Product Removals, Some Additions (cont.)

In the annual GSP review process, petitions may be filed by interested parties (for example, governments, businesses, or nongovernmental organizations) to request actions allowed by the statute and regulations governing the GSP program, including adding or removing a product from overall GSP eligibility and waiving the CNL for a product from a specific beneficiary.





## U.S. Review – GSP: Country Practice Reviews Consistently Used; Suspension Rare

### Process

- **Petitions are solicited annually; GSP subcommittee may reject or accept them for review, based on GSP statute and regulations.**
- **Reviews typically extend 2 or more years as administration investigates and engages with country to resolve issues.**
- **Concerns are resolved in most cases; suspensions are rare.**

### 2001-2006 Petitions

- 52 petitions filed against 32 countries
- 10 countries cited by multiple petitions
- Types of petitions filed:
  - Workers' rights 24
  - Intellectual property rights 15
  - Market access 6
  - Reverse preferential treatment 4
  - Contract nullification 2
  - Expropriation 1

### Outcomes

- Ukraine suspended and later reinstated; Liberia reinstated from 1990 suspension
- Cases remain open in 4 countries (1 workers' rights, 3 intellectual property rights)

39



## U.S. Review – GSP: Country Practice Reviews Consistently Used; Suspension Rare (cont.)

Any person may file a petition in the annual GSP review requesting that the status of any eligible beneficiary be reviewed with respect to any of the designation criteria listed in the statute governing the GSP program, including workers' rights and intellectual property rights.

See appendix V for GSP country practice petitions filed, by country and type of petition, 2001-2006.



## U.S. Review – ATPDEA: Petitions on Country Practices Filed, But No Suspension to Date

### Process

No withdrawal or suspension of benefits during first 10 years of ATPA

Petition process began August 2003, as part of ATPDEA

Petitions reviewed annually

### Outcomes/Results/Action

- 17 total petitions filed under ATPDEA
  - 12 petitions filed in 2003
  - 8 filed against Peru, 8 against Ecuador, and 1 against Colombia
  - 10 petition reviews have been terminated, 7 are still under review
  - Petition issues include workers' rights and investor disputes
- No recommendations have been made by USTR for withdrawal or suspension of designation or benefits



## U.S. Review – ATPDEA: Petitions on Country Practices Filed, But No Suspension to Date (cont.)

Since 2003, USTR conducts annual reviews and provides the opportunity for the submission of petitions for the withdrawal or suspension of certain benefits of the program to ATPDEA recipient countries. Petitions must indicate the eligibility criterion that the petitioner believes warrants review.



## U.S. Review – AGOA: Actively Managed While Number of Beneficiaries Relatively Constant

### Process

**AGOA implementation  
Subcommittee conducts  
annual review**

**USTR makes  
recommendation to the  
President**

**President designates  
and terminates  
eligibility**

### Outcomes/Results/Action

- Number of beneficiaries has varied between 35 and 39 between 2001 and 2007
- The President has terminated eligibility four times and conferred eligibility eight times
- In recent reviews, Administration frequently cites lack of economic reforms, rule of law, and human rights as reasons for country ineligibility
- AGOA eligibility denied or terminated occasionally on the basis of specific statutory concerns (e.g., activities that undermine U.S. foreign policy interests)

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# Appendix II: Scope and Methodology

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To identify and compare key features of U.S. preference programs, we reviewed and analyzed U.S. laws and regulations, authoritative international trade documents such as U.S. submissions to the World Trade Organization and the Harmonized Tariff Schedule of the United States, and periodicals. From these documents we extracted information regarding the U.S. preference programs' objectives, list of beneficiary countries, product coverage information, review requirements, country eligibility criteria, and other key conditions and limitations. We also interviewed officials from the Office of the U.S. Trade Representative (USTR); the Departments of Agriculture, Commerce, Labor, State, and the Treasury; U.S. Customs and Border Protection; and the U.S. International Trade Commission (ITC) regarding these issues.

To analyze the use of U.S. preference programs by beneficiaries, we analyzed official U.S. trade data from the Census Bureau to illustrate usage by country, product, and changes over time. Values of imports over time are expressed in nominal dollars, not adjusted for inflation. Inflation adjusted values would show similar patterns, but with more gradual growth in fuel exports in recent years. We also analyzed the official U.S. tariff schedule from the U.S. International Trade Commission, which identifies which products are eligible for preferences. We determined that both the U.S. trade statistics and the U.S. tariff schedule were sufficiently reliable to analyze the value of trade entering under preference programs and those products officially eligible for preference program benefits. In order to examine broad groups of products, we organized the Harmonized Tariff Schedule (HTS) product chapters into sectors:

1. Agriculture (agriculture, food, beverages, spirits, and tobacco): HTS chapters 1–24
2. Chemicals, plastics, paper (chemicals, plastics, minerals (excluding fuels), wood, and paper): HTS chapters 25–40 (excluding HTS 27) and HTS chapters 44–49
3. Fuels: HTS chapter 27
4. Textiles and apparel (textiles, apparel, leather, and footwear): HTS chapters 41–43 and 50–67
5. Jewelry and glassware (jewelry, glassware, precious metals and stones): HTS chapters 68–71
6. Base metals and articles: HTS chapters 72–81 and 83

7. Machinery and electronics (machinery, electronics, high tech apparatus, aircraft, autos, other transportation, and miscellaneous manufacturing): HTS chapters 82, 84–99

To determine U.S. agency administration of preference programs, we examined the basic elements of the review process for each of the U.S. trade preference programs and compared them. For the Generalized System of Preferences, we reviewed both the special review that began in 2005 and the 2006 annual review. We examined the outcome of the competitive need limitations (CNL) review in detail, and we reviewed product-related petitions (including CNL waivers and product additions and exclusions) for the period 2004 through 2006 and petitions concerning country practices for 2001 through 2006. For the Andean Trade Preference Act (ATPA), we reviewed the country practice petitions filed since 2003 with USTR. For the African Growth and Opportunity Act (AGOA), we reviewed annual reports submitted to the Congress by the President on the trade and investment policy of the United States toward sub-Saharan Africa and on the implementation of AGOA. From these reports, we tallied the number of times the President had conferred or terminated eligibility since he initially declared 34 countries eligible on October 2, 2000, and January 17, 2001.

We performed our work from April 2007 through September 2007 in accordance with generally accepted government auditing standards.

# Appendix III: Eligibility and Use of Preference Programs by Country

**Table 1: Country Eligibility for U.S. Preference Programs, 2006**

| Partners                         | GSP | GSP-LDC | AGOA | CBI | CBTPA | ATPA | Income Level |
|----------------------------------|-----|---------|------|-----|-------|------|--------------|
| Afghanistan                      | √   | √       |      |     |       |      | Low          |
| Albania                          | √   |         |      |     |       |      | Lower middle |
| Algeria                          | √   |         |      |     |       |      | Lower middle |
| Angola                           | √   | √       | √    |     |       |      | Lower middle |
| Anguilla                         | √   |         |      |     |       |      | High         |
| Antigua and Barbuda <sup>a</sup> | √-  |         |      | √   |       |      | High         |
| Argentina                        | √   |         |      |     |       |      | Upper middle |
| Armenia                          | √   |         |      |     |       |      | Lower middle |
| Aruba                            |     |         |      | √   |       |      | High         |
| Bahamas                          |     |         |      | √   |       |      | High         |
| Bahrain <sup>a</sup>             | √-  |         |      |     |       |      | High         |
| Bangladesh                       | √   | √       |      |     |       |      | Low          |
| Barbados <sup>a</sup>            | √-  |         |      | √   | √     |      | High         |
| Belize                           | √   |         |      | √   | √     |      | Upper middle |
| Benin                            | √   | √       | √    |     |       |      | Low          |
| Bhutan                           | √   | √       |      |     |       |      | Lower middle |
| Bolivia                          | √   |         |      |     |       | √    | Lower middle |
| Bosnia and Herzegovina           | √   |         |      |     |       |      | Lower middle |
| Botswana                         | √   |         | √    |     |       |      | Upper middle |
| Brazil                           | √   |         |      |     |       |      | Upper middle |
| British Indian Ocean Territory   | √   |         |      |     |       |      | High         |
| British Virgin Islands           | √   |         |      | √   |       |      | High         |
| Bulgaria <sup>p</sup>            | √   |         |      |     |       |      | Upper middle |
| Burkina Faso                     | √   | √       | √    |     |       |      | Low          |
| Burundi                          | √   | √       | √    |     |       |      | Low          |
| Cambodia                         | √   | √       |      |     |       |      | Low          |
| Cameroon                         | √   |         | √    |     |       |      | Lower middle |
| Cape Verde                       | √   | √       | √    |     |       |      | Lower middle |
| Central African Republic         | √   | √       |      |     |       |      | Low          |
| Chad                             | √   | √       | √    |     |       |      | Low          |
| Christmas Island                 | √   |         |      |     |       |      | High         |
| Cocos (Keeling) Islands          | √   |         |      |     |       |      | High         |
| Colombia                         | √   |         |      |     |       | √    | Lower middle |
| Comoros                          | √   | √       |      |     |       |      | Low          |
| Congo (Brazzaville)              | √   |         | √    |     |       |      | Lower middle |



**Appendix III: Eligibility and Use of  
Preference Programs by Country**

| <b>Partners</b>                     | <b>GSP</b> | <b>GSP-LDC</b> | <b>AGOA</b> | <b>CBI</b> | <b>CBTPA</b> | <b>ATPA</b> | <b>Income Level</b> |
|-------------------------------------|------------|----------------|-------------|------------|--------------|-------------|---------------------|
| Congo (Kinshasa)                    | √          | √              | √           |            |              |             | Low                 |
| Cook Islands                        | √          |                |             |            |              |             | High                |
| Costa Rica                          | √          |                |             | √          | √            |             | Upper middle        |
| Cote d'Ivoire                       | √          |                |             |            |              |             | Low                 |
| Croatia                             | √          |                |             |            |              |             | Upper middle        |
| Djibouti                            | √          | √              | √           |            |              |             | Lower middle        |
| Dominica                            | √          |                |             | √          |              |             | Upper middle        |
| Dominican Republic <sup>e</sup>     | √          |                |             | √          | √            |             | Lower middle        |
| Ecuador                             | √          |                |             |            |              | √           | Lower middle        |
| Egypt                               | √          |                |             |            |              |             | Lower middle        |
| El Salvador <sup>e</sup>            | √-         |                |             | √-         | √-           |             | Lower middle        |
| Equatorial Guinea                   | √          | √              |             |            |              |             | Upper middle        |
| Eritrea                             | √          |                |             |            |              |             | Low                 |
| Ethiopia                            | √          | √              | √           |            |              |             | Low                 |
| Falkland Islands                    | √          |                |             |            |              |             | Middle              |
| Fiji                                | √          |                |             |            |              |             | Lower middle        |
| Gabon                               | √          |                | √           |            |              |             | Upper middle        |
| Gambia                              | √          | √              | √           |            |              |             | Low                 |
| Gaza Strip / West Bank <sup>d</sup> | √          |                |             |            |              |             | Lower middle        |
| Georgia                             | √          |                |             |            |              |             | Lower middle        |
| Ghana                               | √          |                | √           |            |              |             | Low                 |
| Gibraltar                           | √          |                |             |            |              |             | High                |
| Grenada                             | √          |                |             | √          |              |             | Upper middle        |
| Guatemala <sup>e</sup>              | √-         |                |             | √-         | √-           |             | Lower middle        |
| Guinea                              | √          | √              | √           |            |              |             | Low                 |
| Guinea-Bissau                       | √          | √              | √           |            |              |             | Low                 |
| Guyana                              | √          |                |             | √          | √            |             | Lower middle        |
| Haiti <sup>e</sup>                  | √          | √              |             | √          | √            |             | Low                 |
| Heard Island and McDonald Islands   | √          |                |             |            |              |             | Middle              |
| Honduras <sup>e</sup>               | √-         |                |             | √-         | √-           |             | Lower middle        |
| India                               | √          |                |             |            |              |             | Low                 |
| Indonesia                           | √          |                |             |            |              |             | Lower middle        |
| Iraq                                | √          |                |             |            |              |             | Middle              |
| Jamaica                             | √          |                |             | √          | √            |             | Lower middle        |
| Jordan                              | √          |                |             |            |              |             | Lower middle        |
| Kazakhstan                          | √          |                |             |            |              |             | Upper middle        |
| Kenya                               | √          |                | √           |            |              |             | Low                 |

**Appendix III: Eligibility and Use of  
Preference Programs by Country**

| <b>Partners</b>         | <b>GSP</b> | <b>GSP-LDC</b> | <b>AGOA</b> | <b>CBI</b> | <b>CBTPA</b> | <b>ATPA</b> | <b>Income Level</b> |
|-------------------------|------------|----------------|-------------|------------|--------------|-------------|---------------------|
| Kiribati                | √          | √              |             |            |              |             | Lower middle        |
| Kyrgyzstan              | √          |                |             |            |              |             | Low                 |
| Lebanon                 | √          |                |             |            |              |             | Upper middle        |
| Lesotho                 | √          | √              | √           |            |              |             | Lower middle        |
| Liberia                 | √+         | √+             | √           |            |              |             | Low                 |
| Macedonia               | √          |                |             |            |              |             | Lower middle        |
| Madagascar              | √          | √              | √           |            |              |             | Low                 |
| Malawi                  | √          | √              | √           |            |              |             | Low                 |
| Mali                    | √          | √              | √           |            |              |             | Low                 |
| Mauritania <sup>f</sup> | √          | √              | √-          |            |              |             | Low                 |
| Mauritius               | √          |                | √           |            |              |             | Upper middle        |
| Moldova                 | √          |                |             |            |              |             | Lower middle        |
| Mongolia                | √          |                |             |            |              |             | Low                 |
| Montserrat              | √          |                |             | √          |              |             | Middle              |
| Mozambique              | √          | √              | √           |            |              |             | Low                 |
| Namibia                 | √          |                | √           |            |              |             | Lower middle        |
| Nepal                   | √          | √              |             |            |              |             | Low                 |
| Netherlands Antilles    |            |                |             | √          |              |             | High                |
| Nicaragua <sup>c</sup>  |            |                |             | √-         | √-           |             | Lower middle        |
| Niger                   | √          | √              | √           |            |              |             | Low                 |
| Nigeria                 | √          |                | √           |            |              |             | Low                 |
| Niue                    | √          |                |             |            |              |             | Middle              |
| Norfolk Island          | √          |                |             |            |              |             | High                |
| Oman                    | √          |                |             |            |              |             | Upper middle        |
| Pakistan                | √          |                |             |            |              |             | Low                 |
| Panama                  | √          |                |             | √          | √            |             | Upper middle        |
| Papua New Guinea        | √          |                |             |            |              |             | Low                 |
| Paraguay                | √          |                |             |            |              |             | Lower middle        |
| Peru                    | √          |                |             |            |              | √           | Lower middle        |
| Philippines             | √          |                |             |            |              |             | Lower middle        |
| Pitcairn Islands        | √          |                |             |            |              |             | Middle              |
| Romania <sup>b</sup>    | √          |                |             |            |              |             | Middle              |
| Russia                  | √          |                |             |            |              |             | Upper middle        |
| Rwanda                  | √          | √              | √           |            |              |             | Low                 |
| Samoa                   | √          | √              |             |            |              |             | Lower middle        |
| Sao Tome and Principe   | √          | √              | √           |            |              |             | Low                 |
| Senegal                 | √          |                | √           |            |              |             | Low                 |

**Appendix III: Eligibility and Use of  
Preference Programs by Country**

| <b>Partners</b>                | <b>GSP</b> | <b>GSP-LDC</b> | <b>AGOA</b> | <b>CBI</b> | <b>CBTPA</b> | <b>ATPA</b> | <b>Income Level</b> |
|--------------------------------|------------|----------------|-------------|------------|--------------|-------------|---------------------|
| Serbia / Montenegro            | √          |                |             |            |              |             | Upper middle        |
| Seychelles                     | √          |                | √           |            |              |             | Upper middle        |
| Sierra Leone                   | √          | √              | √           |            |              |             | Low                 |
| Solomon Islands                | √          |                |             |            |              |             | Low                 |
| Somalia                        | √          | √              |             |            |              |             | Low                 |
| South Africa                   | √          |                | √           |            |              |             | Upper middle        |
| Sri Lanka                      | √          |                |             |            |              |             | Lower middle        |
| St. Helena                     | √          |                |             |            |              |             | Middle              |
| St. Kitts and Nevis            | √          |                |             | √          |              |             | Upper middle        |
| St. Lucia                      | √          |                |             | √          | √            |             | Upper middle        |
| St. Vincent and the Grenadines | √          |                |             | √          |              |             | Upper middle        |
| Suriname                       | √          |                |             |            |              |             | Lower middle        |
| Swaziland                      | √          |                | √           |            |              |             | Lower middle        |
| Tanzania                       | √          | √              | √           |            |              |             | Low                 |
| Thailand                       | √          |                |             |            |              |             | Lower middle        |
| Togo                           | √          | √              |             |            |              |             | Low                 |
| Tokelau                        | √          |                |             |            |              |             | Middle              |
| Tonga                          | √          |                |             |            |              |             | Lower middle        |
| Trinidad and Tobago            | √          |                |             | √          | √            |             | High                |
| Tunisia                        | √          |                |             |            |              |             | Lower middle        |
| Turkey                         | √          |                |             |            |              |             | Upper middle        |
| Turks and Caicos Islands       | √          |                |             |            |              |             | Middle              |
| Tuvalu                         | √          | √              |             |            |              |             | Low                 |
| Uganda                         | √          | √              | √           |            |              |             | Low                 |
| Ukraine                        | √+         |                |             |            |              |             | Lower middle        |
| Uruguay                        | √          |                |             |            |              |             | Upper middle        |
| Uzbekistan                     | √          |                |             |            |              |             | Low                 |
| Vanuatu                        | √          | √              |             |            |              |             | Lower middle        |
| Venezuela                      | √          |                |             |            |              |             | Upper middle        |
| Wallis and Futuna              | √          |                |             |            |              |             | Middle              |
| Yemen                          | √          | √              |             |            |              |             | Low                 |
| Zambia                         | √          | √              | √           |            |              |             | Low                 |
| Zimbabwe                       | √          |                |             |            |              |             | Low                 |

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**Appendix III: Eligibility and Use of  
Preference Programs by Country**

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Legend:

√ Eligible for full year 2006.

√- Eligibility lost at some point during 2006.

√+ Eligibility gained at some point during 2006.

GSP = Generalized System of Preferences

GSP-LDC = Generalized System of Preferences for least-developed beneficiaries

AGOA = African Growth and Opportunity Act

CBI = Caribbean Basin Initiative

CBTPA = Caribbean Basin Trade Partnership Act

ATPA = Andean Trade Preference Act

Sources: 2006 eligibility comes from the U.S. International Trade Commission's official U.S. tariff schedule. The original tariff schedule had two revisions plus three supplements (total of six documents for 2006). We reviewed each of these documents for changes throughout the year. Income levels are from the World Bank or the United Nations.

Note: Blank spaces indicate the country was not eligible for GSP during 2006.

<sup>a</sup>Antigua and Barbuda, Bahrain, and Barbados were removed from GSP eligibility in January 2006 due to high per capita income. The United States–Bahrain Free Trade Agreement was implemented in July 2006.

<sup>b</sup>Bulgaria and Romania were removed from GSP eligibility in December 2006 when they became members of the European Union.

<sup>c</sup>The following countries were removed from eligibility for GSP, CBI, and CBTPA as Free Trade Agreements went into force: the Dominican Republic (March 2007), El Salvador (March 2006), Guatemala (July 2006), Honduras (April 2006), and Nicaragua (April 2006).

<sup>d</sup>Under GSP, the Gaza Strip and the West Bank are listed as a single entity, although they are separately identified in U.S. trade data.

<sup>e</sup>Haiti is also eligible for the Haitian Hemispheric Opportunity through Partnership Encouragement Act.

<sup>f</sup>Mauritania lost AGOA eligibility on Jan. 1, 2006, and regained AGOA eligibility on June 28, 2007.

**Appendix III: Eligibility and Use of  
Preference Programs by Country**

**Table 2: Use of Preference Programs by Trade Partners, 2006**

|                        | Generalized System of Preferences (2006) |            |  | Regional preference programs (2006) |            |  | Total imports (2006) |            |  |
|------------------------|--|------------|--|-------------------------------------|------------|--|----------------------|------------|--|
|                        | Dollars in millions                      | Percent    | Share of preferences in total imports from partner (percent) | Dollars in millions                 | Percent    | Share of preferences in total imports from partner (percent) | Dollars in millions  | Percent    | Share of preferences in total imports from partner (percent) |
| <b>Total</b>           | <b>\$32,598.5</b>                        | <b>100</b> | <b>2</b>   | <b>\$59,532.6</b>                   | <b>100</b> | <b>3</b>   | <b>\$1,845,053.2</b> | <b>100</b> | <b>5</b>   |
| Afghanistan            | 0.2                                      | 0          | 1  |                                     |            |  | 45.2                 | 0          | 1  |
| Albania                | 0.2                                      | 0          | 2  |                                     |            |  | 12.5                 | 0          | 2  |
| Algeria                | 0.3                                      | 0          | 0  |                                     |            |  | 14,752.7             | 1          | 0  |
| Andorra                |  |            |  |                                     |            |  | 2.7                  | 0          |  |
| Angola                 | 6,774.3                                  | 21         | 59   | 4,532.9                             | 8          | 39   | 11,513.8             | 1          | 98   |
| Anguilla               | 0.0                                      | 0          | 0  |                                     |            |  | 4.2                  | 0          | 0  |
| Antigua and Barbuda    | 0.0                                      | 0          | 0  |                                     |            |  | 5.8                  | 0          | 0  |
| Argentina              | 666.4                                    | 2          | 17   |                                     |            |  | 3,924.7              | 0          | 17   |
| Armenia                | 28.1                                     | 0          | 60   |                                     |            |  | 46.5                 | 0          | 60   |
| Aruba                  | 0.0                                      | 0          | 0  | 0.2                                 | 0          | 0  | 2,605.7              | 0          | 0  |
| Australia              |  |            |  |                                     |            |  | 8,243.7              | 0          |  |
| Austria                |  |            |  |                                     |            |  | 7,701.4              | 0          |  |
| Azerbaijan             |  |            |  |                                     |            |  | 503.5                | 0          |  |
| Bahamas                | 0.0                                      | 0          | 0  | 125.1                               | 0          | 29   | 435.7                | 0          | 29   |
| Bahrain                | 0.7                                      | 0          | 0  |                                     |            |  | 632.3                | 0          | 0  |
| Bangladesh             | 20.5                                     | 0          | 1  |                                     |            |  | 3,267.8              | 0          | 1  |
| Barbados               | 0.0                                      | 0          | 0  | 4.7                                 | 0          | 14   | 33.0                 | 0          | 14   |
| Belarus                |  |            |  |                                     |            |  | 541.5                | 0          |  |
| Belgium                |  |            |  |                                     |            |  | 14,431.7             | 1          |  |
| Belize                 | 6.0                                      | 0          | 4  | 72.2                                | 0          | 49   | 146.4                | 0          | 53   |
| Benin                  | 0.0                                      | 0          | 4  | 0.0                                 | 0          | 0  | 0.6                  | 0          | 4  |
| Bermuda                |  |            |  |                                     |            |  | 16.2                 | 0          |  |
| Bhutan                 | 0.0                                      | 0          | 1  |                                     |            |  | 1.1                  | 0          | 1  |
| Bolivia                | 21.7                                     | 0          | 6  | 166.2                               | 0          | 46   | 362.4                | 0          | 52   |
| Bosnia and Herzegovina | 3.5                                      | 0          | 14   |                                     |            |  | 25.6                 | 0          | 14   |
| Botswana               | 0.0                                      | 0          | 0  | 28.2                                | 0          | 11   | 252.1                | 0          | 11   |
| Brazil                 | 3,737.7                                  | 11         | 14   |                                     |            |  | 26,169.0             | 1          | 14   |

**Appendix III: Eligibility and Use of  
Preference Programs by Country**

|                                | Generalized System of Preferences (2006) |         |  | Regional preference programs (2006) |         |  | Total imports (2006) |         |  |
|--------------------------------|--|---------|--|-------------------------------------|---------|--|----------------------|---------|--|
|                                | Dollars in millions                      | Percent | Share of preferences in total imports from partner (percent) | Dollars in millions                 | Percent | Share of preferences in total imports from partner (percent) | Dollars in millions  | Percent | Share of preferences in total imports from partner (percent) |
| British Indian Ocean Territory | 0.0                                      | 0       | 0  |                                     |         |  | 0.8                  | 0       | 0  |
| British Virgin Islands         | 0.0                                      | 0       | 0  | 0.2                                 | 0       | 1  | 26.3                 | 0       | 1  |
| Brunei                         |  |         |  |                                     |         |  | 492.4                | 0       |  |
| Bulgaria                       | 61.1                                     | 0       | 13   |                                     |         |  | 457.4                | 0       | 13   |
| Burkina Faso                   | 0.1                                      | 0       | 6  | 0.0                                 | 0       | 1  | 1.0                  | 0       | 6  |
| Burundi                        | 0.0                                      | 0       | 0  | 0.0                                 | 0       | 0  | 1.9                  | 0       | 0  |
| Cambodia                       | 5.0                                      | 0       | 0  |                                     |         |  | 2,188.2              | 0       | 0  |
| Cameroon                       | 0.8                                      | 0       | 0  | 152.4                               | 0       | 68   | 223.5                | 0       | 69   |
| Canada                         |  |         |  |                                     |         |  | 303,034.0            | 16      |  |
| Cape Verde                     | 0.0                                      | 0       | 2  | 0.1                                 | 0       | 9  | 1.0                  | 0       | 11   |
| Cayman Islands                 |  |         |  |                                     |         |  | 15.7                 | 0       |  |
| Central African Republic       | 0.0                                      | 0       | 0  |                                     |         |  | 4.3                  | 0       | 0  |
| Chad                           | 166.6                                    | 1       | 9  | 1,531.4                             | 3       | 80   | 1,904.7              | 0       | 89   |
| Chile                          |  |         |  |                                     |         |  | 9,551.3              | 1       |  |
| China                          |  |         |  |                                     |         |  | 287,052.4            | 16      |  |
| Christmas Island               | 0.0                                      | 0       | 0  |                                     |         |  | 0.4                  | 0       | 0  |
| Cocos (Keeling) Islands        | 0.0                                      | 0       | 0  |                                     |         |  | 1.5                  | 0       | 0  |
| Colombia                       | 181.6                                    | 1       | 2  | 4,791.2                             | 8       | 52   | 9,239.8              | 1       | 54   |
| Comoros                        | 0.0                                      | 0       | 0  |                                     |         |  | 1.5                  | 0       | 0  |
| Congo (Brazzaville)            | 0.0                                      | 0       | 0  | 774.5                               | 1       | 25   | 3,045.5              | 0       | 25   |
| Congo (Kinshasa)               | 2.6                                      | 0       | 3  | 0.0                                 | 0       | 0  | 85.1                 | 0       | 3  |
| Cook Islands                   | 0.0                                      | 0       | 1  |                                     |         |  | 2.1                  | 0       | 1  |
| Costa Rica                     | 113.3                                    | 0       | 3  | 1,382.0                             | 2       | 36   | 3,813.5              | 0       | 39   |
| Cote d'Ivoire                  | 20.0                                     | 0       | 3  |                                     |         |  | 722.7                | 0       | 3  |

**Appendix III: Eligibility and Use of  
Preference Programs by Country**

|                                     | Generalized System of Preferences (2006) |         |  | Regional preference programs (2006) |         |  | Total imports (2006) |         |  |
|-------------------------------------|--|---------|--|-------------------------------------|---------|--|----------------------|---------|--|
|                                     | Dollars in millions                      | Percent | Share of preferences in total imports from partner (percent) | Dollars in millions                 | Percent | Share of preferences in total imports from partner (percent) | Dollars in millions  | Percent | Share of preferences in total imports from partner (percent) |
| Croatia                             | 145.6                                    | 0       | 41   |                                     |         |  | 352.6                | 0       | 41   |
| Cuba                                |  |         |  |                                     |         |  | 0.1                  | 0       |  |
| Cyprus                              |  |         |  |                                     |         |  | 51.1                 | 0       |  |
| Czech Republic                      |  |         |  |                                     |         |  | 2,295.1              | 0       |  |
| Denmark                             |  |         |  |                                     |         |  | 5,451.5              | 0       |  |
| Djibouti                            | 0.0                                      | 0       | 0  | 0.0                                 | 0       | 0  | 3.3                  | 0       | 0  |
| Dominica                            | 0.0                                      | 0       | 0  | 0.1                                 | 0       | 2  | 3.1                  | 0       | 2  |
| Dominican Republic                  | 132.7                                    | 0       | 3  | 2,481.0                             | 4       | 55   | 4,540.0              | 0       | 58   |
| Ecuador                             | 71.2                                     | 0       | 1  | 5,325.2                             | 9       | 76   | 7,011.4              | 0       | 77   |
| Egypt                               | 69.9                                     | 0       | 3  |                                     |         |  | 2,404.2              | 0       | 3  |
| El Salvador                         | 9.9                                      | 0       | 1  | 154.1                               | 0       | 8  | 1,842.7              | 0       | 9  |
| Equatorial Guinea                   | 1,558.9                                  | 5       | 91   |                                     |         |  | 1,718.1              | 0       | 91   |
| Eritrea                             | 0.0                                      | 0       | 0  |                                     |         |  | 0.9                  | 0       | 0  |
| Estonia                             |  |         |  |                                     |         |  | 461.8                | 0       |  |
| Ethiopia                            | 2.2                                      | 0       | 3  | 5.0                                 | 0       | 6  | 81.1                 | 0       | 9  |
| Falkland Islands                    | 0.0                                      | 0       | 0  |                                     |         |  | 12.2                 | 0       | 0  |
| Faroe Islands                       |  |         |  |                                     |         |  | 4.1                  | 0       |  |
| Federated States of Micronesia      |  |         |  |                                     |         |  | 0.9                  | 0       |  |
| Fiji                                | 52.8                                     | 0       | 36   |                                     |         |  | 145.8                | 0       | 36   |
| Finland                             |  |         |  |                                     |         |  | 4,953.8              | 0       |  |
| France                              |  |         |  |                                     |         |  | 36,837.1             | 2       |  |
| French Guiana                       |  |         |  |                                     |         |  | 0.6                  | 0       |  |
| French Polynesia                    |  |         |  |                                     |         |  | 58.1                 | 0       |  |
| French Southern and Antarctic Lands |  |         |  |                                     |         |  | 0.1                  | 0       |  |
| Gabon                               | 0.0                                      | 0       | 0  | 1,290.0                             | 2       | 97   | 1,331.0              | 0       | 97   |

**Appendix III: Eligibility and Use of  
Preference Programs by Country**

|               | Generalized System of Preferences (2006) |         |  | Regional preference programs (2006) |         |  | Total imports (2006) |         |  |
|---------------|--|---------|--|-------------------------------------|---------|--|----------------------|---------|--|
|               | Dollars in millions                      | Percent | Share of preferences in total imports from partner (percent) | Dollars in millions                 | Percent | Share of preferences in total imports from partner (percent) | Dollars in millions  | Percent | Share of preferences in total imports from partner (percent) |
| Gambia        | 0.0                                      | 0       | 5  | 0.0                                 | 0       | 0  | 0.3                  | 0       | 5  |
| Gaza Strip    | 0.3                                      | 0       | 40   |                                     |         |  | 0.8                  | 0       | 40   |
| Georgia       | 34.5                                     | 0       | 30   |                                     |         |  | 115.6                | 0       | 30   |
| Germany       |  |         |  |                                     |         |  | 87,756.4             | 5       |  |
| Ghana         | 10.5                                     | 0       | 5  | 34.9                                | 0       | 18   | 192.2                | 0       | 24   |
| Gibraltar     | 0.1                                      | 0       | 15   |                                     |         |  | 0.8                  | 0       | 15   |
| Greece        |  |         |  |                                     |         |  | 967.7                | 0       |  |
| Greenland     |  |         |  |                                     |         |  | 10.2                 | 0       |  |
| Grenada       | 0.0                                      | 0       | 1  | 0.1                                 | 0       | 1  | 4.5                  | 0       | 2  |
| Guadeloupe    |  |         |  |                                     |         |  | 2.5                  | 0       |  |
| Guatemala     | 46.4                                     | 0       | 1  | 652.8                               | 1       | 21   | 3,102.7              | 0       | 23   |
| Guinea        | 0.1                                      | 0       | 0  | 0.0                                 | 0       | 0  | 91.7                 | 0       | 0  |
| Guinea-Bissau | 0.0                                      | 0       | 0  | 0.0                                 | 0       | 0  | 0.5                  | 0       | 0  |
| Guyana        | 14.6                                     | 0       | 12   | 5.1                                 | 0       | 4  | 125.0                | 0       | 16   |
| Haiti         | 1.4                                      | 0       | 0  | 379.3                               | 1       | 76   | 496.1                | 0       | 77   |
| Honduras      | 12.7                                     | 0       | 0  | 555.8                               | 1       | 15   | 3,734.7              | 0       | 15   |
| Hong Kong     |  |         |  |                                     |         |  | 7,920.9              | 0       |  |
| Hungary       |  |         |  |                                     |         |  | 2,582.6              | 0       |  |
| Iceland       |  |         |  |                                     |         |  | 246.3                | 0       |  |
| India         | 5,678.0                                  | 17      | 26   |                                     |         |  | 21,673.6             | 1       | 26   |
| Indonesia     | 1,945.7                                  | 6       | 15   |                                     |         |  | 13,267.8             | 1       | 15   |
| Iran          |  |         |  |                                     |         |  | 157.3                | 0       |  |
| Iraq          | 0.2                                      | 0       | 0  |                                     |         |  | 11,326.3             | 1       | 0  |
| Ireland       |  |         |  |                                     |         |  | 28,920.9             | 2       |  |
| Israel        |  |         |  |                                     |         |  | 19,156.7             | 1       |  |
| Italy         |  |         |  |                                     |         |  | 32,706.5             | 2       |  |
| Jamaica       | 12.1                                     | 0       | 3  | 245.8                               | 0       | 52   | 470.9                | 0       | 55   |
| Japan         |  |         |  |                                     |         |  | 148,070.7            | 8       |  |
| Jordan        | 15.3                                     | 0       | 1  |                                     |         |  | 1,421.3              | 0       | 1  |
| Kazakhstan    | 483.1                                    | 1       | 49   |                                     |         |  | 988.9                | 0       | 49   |
| Kenya         | 7.9                                      | 0       | 2  | 265.1                               | 0       | 75   | 352.8                | 0       | 77   |



**Appendix III: Eligibility and Use of  
Preference Programs by Country**

|                         | Generalized System of Preferences (2006) |         |  | Regional preference programs (2006) |         |  | Total imports (2006) |         |  |
|-------------------------|--|---------|--|-------------------------------------|---------|--|----------------------|---------|--|
|                         | Dollars in millions                      | Percent | Share of preferences in total imports from partner (percent) | Dollars in millions                 | Percent | Share of preferences in total imports from partner (percent) | Dollars in millions  | Percent | Share of preferences in total imports from partner (percent) |
| Kiribati                | 0.0                                      | 0       | 0  |                                     |         |  | 1.3                  | 0       | 0  |
| Kuwait                  |  |         |  |                                     |         |  | 3,902.8              | 0       |  |
| Kyrgyzstan              | 0.0                                      | 0       | 0  |                                     |         |  | 4.2                  | 0       | 0  |
| Laos                    |  |         |  |                                     |         |  | 8.7                  | 0       |  |
| Latvia                  |  |         |  |                                     |         |  | 298.2                | 0       |  |
| Lebanon                 | 34.2                                     | 0       | 39   |                                     |         |  | 87.8                 | 0       | 39   |
| Lesotho                 | 0.1                                      | 0       | 0  | 384.5                               | 1       | 94   | 408.4                | 0       | 94   |
| Liberia                 | 0.0                                      | 0       | 0  | 0.0                                 | 0       | 0  | 139.8                | 0       | 0  |
| Libya                   |  |         |  |                                     |         |  | 2,418.7              | 0       |  |
| Liechtenstein           |  |         |  |                                     |         |  | 324.4                | 0       |  |
| Lithuania               |  |         |  |                                     |         |  | 569.1                | 0       |  |
| Luxembourg              |  |         |  |                                     |         |  | 533.7                | 0       |  |
| Macau                   |  |         |  |                                     |         |  | 1,228.6              | 0       |  |
| Macedonia               | 7.5                                      | 0       | 18   |                                     |         |  | 42.2                 | 0       | 18   |
| Madagascar              | 2.1                                      | 0       | 1  | 229.5                               | 0       | 82   | 281.1                | 0       | 82   |
| Malawi                  | 31.0                                     | 0       | 39   | 29.9                                | 0       | 38   | 79.0                 | 0       | 77   |
| Malaysia                |  |         |  |                                     |         |  | 36,440.6             | 2       |  |
| Maldives                |  |         |  |                                     |         |  | 1.5                  | 0       |  |
| Mali                    | 0.5                                      | 0       | 6  | 0.0                                 | 0       | 0  | 7.9                  | 0       | 6  |
| Malta                   |  |         |  |                                     |         |  | 379.3                | 0       |  |
| Marshall Islands        |  |         |  |                                     |         |  | 14.5                 | 0       |  |
| Martinique              |  |         |  |                                     |         |  | 26.8                 | 0       |  |
| Mauritania <sup>a</sup> | 28.3                                     | 0       | 55   |                                     |         |  | 51.2                 | 0       | 55   |
| Mauritius               | 11.7                                     | 0       | 5  | 145.8                               | 0       | 67   | 218.6                | 0       | 72   |
| Mexico                  |  |         |  |                                     |         |  | 197,055.6            | 11      |  |
| Moldova                 | 2.4                                      | 0       | 6  |                                     |         |  | 37.1                 | 0       | 6  |
| Monaco                  |  |         |  |                                     |         |  | 30.5                 | 0       |  |
| Mongolia                | 0.5                                      | 0       | 0  |                                     |         |  | 113.9                | 0       | 0  |
| Montserrat              | 0.0                                      | 0       | 0  | 0.0                                 | 0       | 0  | 0.8                  | 0       | 0  |
| Morocco                 |  |         |  |                                     |         |  | 546.4                | 0       |  |
| Mozambique              | 10.9                                     | 0       | 70   | 0.9                                 | 0       | 6  | 15.6                 | 0       | 76   |

**Appendix III: Eligibility and Use of  
Preference Programs by Country**

|                      | Generalized System of Preferences (2006) |         |  | Regional preference programs (2006) |         |  | Total imports (2006) |         |  |
|----------------------|--|---------|--|-------------------------------------|---------|--|----------------------|---------|--|
|                      | Dollars in millions                      | Percent | Share of preferences in total imports from partner (percent) | Dollars in millions                 | Percent | Share of preferences in total imports from partner (percent) | Dollars in millions  | Percent | Share of preferences in total imports from partner (percent) |
| Namibia              | 0.2                                      | 0       | 0  | 33.0                                | 0       | 29   | 115.6                | 0       | 29   |
| Nauru                |  |         |  |                                     |         |  | 0.3                  | 0       |  |
| Nepal                | 4.0                                      | 0       | 4  |                                     |         |  | 99.4                 | 0       | 4  |
| Netherlands          |  |         |  |                                     |         |  | 18,139.9             | 1       |  |
| Netherlands Antilles | 0.0                                      | 0       | 0  | 2.2                                 | 0       | 0  | 1,100.6              | 0       | 0  |
| New Caledonia        |  |         |  |                                     |         |  | 50.6                 | 0       |  |
| New Zealand          |  |         |  |                                     |         |  | 3,100.9              | 0       |  |
| Nicaragua            |  |         |  | 111.0                               | 0       | 7  | 1,526.1              | 0       | 7  |
| Niger                | 0.0                                      | 0       | 0  | 0.0                                 | 0       | 0  | 123.7                | 0       | 0  |
| Nigeria              | 1.2                                      | 0       | 0  | 25,823.1                            | 43      | 93   | 27,863.4             | 2       | 93   |
| Niue                 | 0.1                                      | 0       | 69   |                                     |         |  | 0.1                  | 0       | 69   |
| Norfolk Island       | 0.0                                      | 0       | 19   |                                     |         |  | 0.1                  | 0       | 19   |
| Norway               |  |         |  |                                     |         |  | 6,851.7              | 0       |  |
| Oman                 | 64.7                                     | 0       | 8  |                                     |         |  | 782.0                | 0       | 8  |
| Pakistan             | 130.3                                    | 0       | 4  |                                     |         |  | 3,666.6              | 0       | 4  |
| Palau                |  |         |  |                                     |         |  | 0.6                  | 0       |  |
| Panama               | 24.2                                     | 0       | 7  | 33.8                                | 0       | 10   | 337.6                | 0       | 17   |
| Papua New Guinea     | 2.9                                      | 0       | 3  |                                     |         |  | 83.6                 | 0       | 3  |
| Paraguay             | 24.8                                     | 0       | 48   |                                     |         |  | 51.4                 | 0       | 48   |
| Peru                 | 179.4                                    | 1       | 3  | 3,201.9                             | 5       | 54   | 5,896.9              | 0       | 57   |
| Philippines          | 1,141.5                                  | 4       | 12   |                                     |         |  | 9,696.7              | 1       | 12   |
| Pitcairn Islands     | 0.0                                      | 0       | 0  |                                     |         |  | 0.1                  | 0       | 0  |
| Poland               |  |         |  |                                     |         |  | 2,254.2              | 0       |  |
| Portugal             |  |         |  |                                     |         |  | 3,044.0              | 0       |  |
| Qatar                |  |         |  |                                     |         |  | 261.8                | 0       |  |
| Reunion              |  |         |  |                                     |         |  | 7.0                  | 0       |  |
| Romania              | 283.5                                    | 1       | 25   |                                     |         |  | 1,151.6              | 0       | 25   |
| Russia               | 512.1                                    | 2       | 3  |                                     |         |  | 19,641.6             | 1       | 3  |
| Rwanda               | 0.9                                      | 0       | 10   | 0.0                                 | 0       | 0  | 8.9                  | 0       | 10   |
| Samoa                | 1.3                                      | 0       | 30   |                                     |         |  | 4.2                  | 0       | 30   |

**Appendix III: Eligibility and Use of  
Preference Programs by Country**

|                                | Generalized System of Preferences (2006) |         |  | Regional preference programs (2006) |         |  | Total imports (2006) |         |  |
|--------------------------------|--|---------|--|-------------------------------------|---------|--|----------------------|---------|--|
|                                | Dollars in millions                      | Percent | Share of preferences in total imports from partner (percent) | Dollars in millions                 | Percent | Share of preferences in total imports from partner (percent) | Dollars in millions  | Percent | Share of preferences in total imports from partner (percent) |
| San Marino                     |  |         |  |                                     |         |  | 3.1                  | 0       |  |
| Sao Tome and Principe          | 0.0                                      | 0       | 0  | 0.0                                 | 0       | 0  | 0.2                  | 0       | 0  |
| Saudi Arabia                   |  |         |  |                                     |         |  | 31,141.9             | 2       |  |
| Senegal                        | 0.1                                      | 0       | 1  | 14.2                                | 0       | 66   | 21.4                 | 0       | 67   |
| Serbia / Montenegro            | 29.8                                     | 0       | 43   |                                     |         |  | 68.6                 | 0       | 43   |
| Seychelles                     | 0.1                                      | 0       | 1  | 0.0                                 | 0       | 0  | 10.1                 | 0       | 1  |
| Sierra Leone                   | 0.1                                      | 0       | 0  | 0.0                                 | 0       | 0  | 35.9                 | 0       | 0  |
| Singapore                      |  |         |  |                                     |         |  | 17,750.4             | 1       |  |
| Slovakia                       |  |         |  |                                     |         |  | 1,346.6              | 0       |  |
| Slovenia                       |  |         |  |                                     |         |  | 482.2                | 0       |  |
| Solomon Islands                | 0.0                                      | 0       | 0  |                                     |         |  | 2.2                  | 0       | 0  |
| Somalia                        | 0.0                                      | 0       | 0  |                                     |         |  | 0.4                  | 0       | 0  |
| South Africa                   | 1,065.9                                  | 3       | 14   | 717.4                               | 1       | 10   | 7,497.3              | 0       | 24   |
| South Korea                    |  |         |  |                                     |         |  | 44,713.9             | 2       |  |
| Spain                          |  |         |  |                                     |         |  | 9,831.9              | 1       |  |
| Sri Lanka                      | 143.6                                    | 0       | 7  |                                     |         |  | 2,141.0              | 0       | 7  |
| St. Helena                     | 0.0                                      | 0       | 0  |                                     |         |  | 1.7                  | 0       | 0  |
| St. Kitts and Nevis            | 1.0                                      | 0       | 2  | 24.7                                | 0       | 49   | 50.0                 | 0       | 52   |
| St. Lucia                      | 0.5                                      | 0       | 1  | 7.1                                 | 0       | 19   | 37.3                 | 0       | 20   |
| St. Pierre and Miquelon        |  |         |  |                                     |         |  | 1.2                  | 0       |  |
| St. Vincent and the Grenadines | 0.0                                      | 0       | 1  | 0.2                                 | 0       | 10   | 2.0                  | 0       | 11   |
| Sudan                          |  |         |  |                                     |         |  | 6.2                  | 0       |  |
| Suriname                       | 0.2                                      | 0       | 0  |                                     |         |  | 164.2                | 0       | 0  |
| Swaziland                      | 14.4                                     | 0       | 9  | 135.4                               | 0       | 87   | 155.8                | 0       | 96   |
| Sweden                         |  |         |  |                                     |         |  | 13,790.8             | 1       |  |
| Switzerland                    |  |         |  |                                     |         |  | 14,174.1             | 1       |  |
| Syria                          |  |         |  |                                     |         |  | 188.4                | 0       |  |

**Appendix III: Eligibility and Use of  
Preference Programs by Country**

|                          | Generalized System of Preferences (2006) |         |  | Regional preference programs (2006) |         |  | Total imports (2006) |         |  |
|--------------------------|--|---------|--|-------------------------------------|---------|--|----------------------|---------|--|
|                          | Dollars in millions                      | Percent | Share of preferences in total imports from partner (percent) | Dollars in millions                 | Percent | Share of preferences in total imports from partner (percent) | Dollars in millions  | Percent | Share of preferences in total imports from partner (percent) |
| Taiwan                   |  |         |  |                                     |         |  | 38,085.7             | 2       |  |
| Tajikistan               |  |         |  |                                     |         |  | 60.7                 | 0       |  |
| Tanzania                 | 0.7                                      | 0       | 2  | 3.0                                 | 0       | 9  | 34.6                 | 0       | 11   |
| Thailand                 | 4,252.3                                  | 13      | 19   |                                     |         |  | 22,344.7             | 1       | 19   |
| Togo                     | 2.3                                      | 0       | 64   |                                     |         |  | 3.6                  | 0       | 64   |
| Tokelau                  | 1.0                                      | 0       | 21   |                                     |         |  | 5.1                  | 0       | 21   |
| Tonga                    | 0.2                                      | 0       | 2  |                                     |         |  | 7.3                  | 0       | 2  |
| Trinidad and Tobago      | 7.4                                      | 0       | 0  | 3,677.7                             | 6       | 44   | 8,398.5              | 0       | 44   |
| Tunisia                  | 113.9                                    | 0       | 27   |                                     |         |  | 427.8                | 0       | 27   |
| Turkey                   | 1,125.7                                  | 3       | 21   |                                     |         |  | 5,387.0              | 0       | 21   |
| Turkmenistan             |  |         |  |                                     |         |  | 94.8                 | 0       |  |
| Turks and Caicos Islands | 0.0                                      | 0       | 0  |                                     |         |  | 12.1                 | 0       | 0  |
| Uganda                   | 1.0                                      | 0       | 4  | 1.5                                 | 0       | 7  | 21.8                 | 0       | 11   |
| Ukraine                  | 23.8                                     | 0       | 1  |                                     |         |  | 1,637.9              | 0       | 1  |
| United Arab Emirates     |  |         |  |                                     |         |  | 1,314.1              | 0       |  |
| United Kingdom           |  |         |  |                                     |         |  | 53,501.6             | 3       |  |
| Uruguay                  | 50.3                                     | 0       | 10   |                                     |         |  | 512.1                | 0       | 10   |
| Uzbekistan               | 2.8                                      | 0       | 2  |                                     |         |  | 151.5                | 0       | 2  |
| Vanuatu                  | 0.1                                      | 0       | 4  |                                     |         |  | 2.3                  | 0       | 4  |
| Vatican City             |  |         |  |                                     |         |  | 1.3                  | 0       |  |
| Venezuela                | 685.2                                    | 2       | 2  |                                     |         |  | 36,283.4             | 2       | 2  |
| Vietnam                  |  |         |  |                                     |         |  | 8,463.4              | 0       |  |
| West Bank                | 0.8                                      | 0       | 27   |                                     |         |  | 3.1                  | 0       | 27   |
| Yemen                    | 390.2                                    | 1       | 87   |                                     |         |  | 447.4                | 0       | 87   |
| Zambia                   | 0.4                                      | 0       | 1  | 0.0                                 | 0       | 0  | 29.0                 | 0       | 1  |
| Zimbabwe                 | 67.7                                     | 0       | 66   |                                     |         |  | 103.2                | 0       | 66   |

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**Appendix III: Eligibility and Use of  
Preference Programs by Country**

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Source: GAO analysis of U.S. official trade statistics from the Census.

Notes: Regional programs include the African Growth and Opportunity Act (AGOA), the Andean Trade Preference Act, the Andean Trade Promotion and Drug Eradication Act, the Caribbean Basin Initiative, and the Caribbean Basin Trade Partnership Act.

<sup>a</sup>Mauritania lost AGOA eligibility on Jan. 1, 2006, and regained AGOA eligibility on June 28, 2007.

Blank spaces indicate the trade partner was not eligible for a preference program during 2006.

**Appendix III: Eligibility and Use of  
Preference Programs by Country**

**Table 3: U.S. Preference Imports by Key Product Sectors**

Dollars in billions

| <b>Preference program</b> | <b>Product group</b>       | <b>1995</b>   | <b>2000</b>   | <b>2001</b>   | <b>2002</b>   | <b>2003</b>   | <b>2004</b>   | <b>2005</b>   | <b>2006</b>   |
|---------------------------|----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>All</b>                | <b>Total</b>               | <b>\$21.7</b> | <b>\$21.2</b> | <b>\$33.3</b> | <b>\$37.0</b> | <b>\$50.7</b> | <b>\$63.9</b> | <b>\$82.9</b> | <b>\$92.1</b> |
|                           | Agriculture                | 2.7           | 3.1           | 3.1           | 3.1           | 4.0           | 4.1           | 4.7           | 5.3           |
|                           | Chemicals, plastics, paper | 2.9           | 4.0           | 4.2           | 3.9           | 4.6           | 4.7           | 5.9           | 6.7           |
|                           | Fuels                      | 0.0           | 3.2           | 10.1          | 11.5          | 20.4          | 30.5          | 46.8          | 54.8          |
|                           | Textiles and apparel       | 1.1           | 0.9           | 6.2           | 7.6           | 9.1           | 10.2          | 10.0          | 6.8           |
|                           | Jewelry and glassware      | 1.4           | 2.1           | 2.3           | 3.0           | 3.9           | 4.7           | 5.1           | 6.0           |
|                           | Base metals and articles   | 2.1           | 3.2           | 2.6           | 2.5           | 2.8           | 3.5           | 4.0           | 5.1           |
|                           | Machinery, electronics     | 11.5          | 4.9           | 4.8           | 5.4           | 5.9           | 6.2           | 6.4           | 7.5           |
| <b>GSP</b>                | <b>Total</b>               | <b>\$18.5</b> | <b>\$16.4</b> | <b>\$15.7</b> | <b>\$17.7</b> | <b>\$21.3</b> | <b>\$22.7</b> | <b>\$26.7</b> | <b>\$32.6</b> |
|                           | Agriculture                | 1.3           | 1.1           | 1.1           | 1.3           | 1.6           | 1.6           | 1.8           | 2.0           |
|                           | Chemicals, plastics, paper | 2.6           | 3.1           | 3.3           | 3.3           | 3.8           | 3.8           | 4.6           | 5.0           |
|                           | Fuels                      | 0.0           | 3.2           | 2.8           | 3.5           | 4.7           | 4.2           | 5.8           | 8.8           |
|                           | Textiles and apparel       | 0.8           | 0.6           | 0.5           | 0.6           | 0.7           | 0.8           | 0.8           | 0.8           |
|                           | Jewelry and glassware      | 1.0           | 1.7           | 1.9           | 2.6           | 3.5           | 4.1           | 4.5           | 5.4           |
|                           | Base metals and articles   | 1.9           | 2.4           | 1.9           | 1.9           | 2.1           | 2.8           | 3.3           | 3.8           |
|                           | Machinery, electronics     | 10.9          | 4.5           | 4.1           | 4.5           | 4.9           | 5.4           | 5.8           | 6.6           |
| <b>AGOA</b>               | <b>Total</b>               | <b>\$0.0</b>  | <b>\$0.0</b>  | <b>\$7.6</b>  | <b>\$8.4</b>  | <b>\$13.2</b> | <b>\$22.0</b> | <b>\$32.7</b> | <b>\$36.1</b> |
|                           | Agriculture                | 0.0           | 0.0           | 0.1           | 0.1           | 0.1           | 0.1           | 0.2           | 0.2           |
|                           | Chemicals, plastics, paper | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           |
|                           | Fuels                      | 0.0           | 0.0           | 6.8           | 6.8           | 11.1          | 19.6          | 30.9          | 34.1          |
|                           | Textiles and apparel       | 0.0           | 0.0           | 0.4           | 0.8           | 1.2           | 1.6           | 1.3           | 1.3           |
|                           | Jewelry and glassware      | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           |
|                           | Base metals and articles   | 0.0           | 0.0           | 0.1           | 0.1           | 0.1           | 0.2           | 0.1           | 0.1           |
|                           | Machinery, electronics     | 0.0           | 0.0           | 0.2           | 0.5           | 0.6           | 0.4           | 0.1           | 0.4           |
| <b>CBI/CBTPA</b>          | <b>Total</b>               | <b>\$2.3</b>  | <b>\$2.8</b>  | <b>\$8.3</b>  | <b>\$10.0</b> | <b>\$10.4</b> | <b>\$10.8</b> | <b>\$12.1</b> | <b>\$9.9</b>  |
|                           | Agriculture                | 0.9           | 1.3           | 1.3           | 1.4           | 1.4           | 1.4           | 1.6           | 1.8           |
|                           | Chemicals, plastics, paper | 0.2           | 0.5           | 0.6           | 0.6           | 0.7           | 0.8           | 1.1           | 1.4           |
|                           | Fuels                      | 0.0           | 0.0           | 0.4           | 1.0           | 1.2           | 1.4           | 2.1           | 2.7           |
|                           | Textiles and apparel       | 0.3           | 0.3           | 5.3           | 6.2           | 6.4           | 6.6           | 6.6           | 3.3           |
|                           | Jewelry and glassware      | 0.2           | 0.2           | 0.2           | 0.3           | 0.3           | 0.3           | 0.3           | 0.3           |
|                           | Base metals and articles   | 0.1           | 0.1           | 0.1           | 0.1           | 0.1           | 0.0           | 0.0           | 0.0           |
|                           | Machinery, electronics     | 0.5           | 0.4           | 0.4           | 0.4           | 0.4           | 0.4           | 0.4           | 0.4           |
| <b>ATPA/ATPDEA</b>        | <b>Total</b>               | <b>\$0.9</b>  | <b>\$2.0</b>  | <b>\$1.7</b>  | <b>\$1.0</b>  | <b>\$5.8</b>  | <b>\$8.4</b>  | <b>\$11.4</b> | <b>\$13.5</b> |
|                           | Agriculture                | 0.6           | 0.7           | 0.6           | 0.3           | 0.8           | 1.0           | 1.0           | 1.3           |

**Appendix III: Eligibility and Use of  
Preference Programs by Country**

Dollars in billions

| <b>Preference program</b> | <b>Product group</b>       | <b>1995</b> | <b>2000</b> | <b>2001</b> | <b>2002</b> | <b>2003</b> | <b>2004</b> | <b>2005</b> | <b>2006</b> |
|---------------------------|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                           | Chemicals, plastics, paper | 0.1         | 0.4         | 0.3         | 0.1         | 0.1         | 0.1         | 0.2         | 0.2         |
|                           | Fuels                      | 0.0         | 0.0         | 0.0         | 0.2         | 3.4         | 5.3         | 8.0         | 9.1         |
|                           | Textiles and apparel       | 0.0         | 0.0         | 0.0         | 0.0         | 0.8         | 1.2         | 1.3         | 1.4         |
|                           | Jewelry and glassware      | 0.2         | 0.2         | 0.2         | 0.1         | 0.2         | 0.2         | 0.2         | 0.3         |
|                           | Base metals and articles   | 0.1         | 0.7         | 0.5         | 0.3         | 0.5         | 0.5         | 0.7         | 1.1         |
|                           | Machinery, electronics     | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.1         |

Legend:

GSP = Generalized System of Preferences  
 AGOA = African Growth and Opportunity Act  
 CBI = Caribbean Basin Initiative  
 CBTPA = Caribbean Basin Trade Partnership Act  
 ATPA = Andean Trade Preference Act  
 ATPDEA = Andean Trade Promotion and Drug Eradication Act

Source: GAO analysis of official U.S. trade statistics from the Census.

Notes: Product sectors are discussed in appendix II.

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# Appendix IV: Country Eligibility Criteria

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The Generalized System of Preferences, the Caribbean Basin Initiative, and the Andean Trade Preference Act have similar country eligibility criteria, including mandatory exclusion if the country

- is Communist,
- extends preferential treatment to a developed country with adverse effects on the United States,
- nationalizes or expropriates property of any U.S. citizen or business entity,
- fails to recognize or enforce arbitral award favoring any U.S. citizen or business entity, or
- does not afford internationally recognized workers' rights.

The African Growth and Opportunity Act and the Haitian Hemispheric Opportunity through Partnership Encouragement Act have similar country eligibility criteria, including making or establishing progress toward the following:

- market economy,
- elimination of trade barriers,
- political pluralism,
- rule of law,
- anti-corruption,
- poverty reduction, and
- internationally recognized workers' rights.

In addition, the country may not

- undermine U.S. national security and foreign policy,
- commit gross violations of human rights, or
- support international terrorism.



# Appendix V: Generalized System of Preferences Administrative Reviews

**Table 4: Changes in Countries' GSP Beneficiary Status since Program Implementation**

| <b>Beneficiary</b>       | <b>Action</b> | <b>Effective</b> | <b>Reason for Removal, Graduation, or Termination</b> |
|--------------------------|---------------|------------------|---|
| Laos                     | Remove        | 10/1/76          |   |
| Portugal                 | Designate BDC | 10/1/76          |   |
| Portuguese Timor         | No longer BDC | 3/1/79           | Became part of Indonesia                              |
| Ethiopia                 | Remove        | 3/28/80          |   |
| Ecuador                  | Designate BDC | 3/30/80          |   |
| Indonesia                | Designate BDC | 3/30/80          |   |
| Zimbabwe                 | Designate BDC | 3/30/80          |   |
| Uganda                   | Designate BDC | 3/30/80          |   |
| Venezuela                | Designate BDC | 3/30/80          |   |
| Afghanistan              | Remove        | 5/2/80           |   |
| Portugal                 | Terminate     | 1/1/86           | Joined European Community                             |
| Aruba                    | Designate BDC | 1/1/86           |   |
| Marshall Islands         | Designate BDC | 10/21/86         |   |
| Micronesia               | Designate BDC | 11/3/86          |   |
| Nicaragua                | Remove        | 3/4/87           | Workers' rights                                       |
| Paraguay                 | Remove        | 3/4/87           | Workers' rights                                       |
| Romania                  | Remove        | 3/4/87           | Workers' rights                                       |
| Greenland                | Designate BDC | 8/7/87           |   |
| Chile                    | Remove        | 2/2/88           | Workers' rights                                       |
| Panama                   | Remove        | 4/9/88           |   |
| Bahrain                  | Graduate      | 7/1/88           | High income   |
| Bermuda                  | Graduate      | 7/1/88           | High income   |
| Brunei                   | Graduate      | 7/1/88           | High income   |
| Nauru                    | Graduate      | 7/1/88           | High income   |
| Hong Kong                | Graduate      | 1/1/89           | Competitiveness                                       |
| South Korea              | Graduate      | 1/1/89           | Competitiveness                                       |
| Singapore                | Graduate      | 1/1/89           | Competitiveness                                       |
| Taiwan                   | Graduate      | 1/1/89           | Competitiveness                                       |
| Burma                    | Remove        | 7/1/89           | Workers' rights                                       |
| Central African Republic | Remove        | 7/1/89           | Workers' rights                                       |
| Marshall Islands         | Remove        | 10/18/89         | Entered Compact of Freely Associated States           |
| Micronesia               | Remove        | 10/18/89         | Entered Compact of Freely Associated States           |

**Appendix V: Generalized System of Preferences Administrative Reviews**

| <b>Beneficiary</b>       | <b>Action</b> | <b>Effective</b> | <b>Reason for Removal, Graduation, or Termination</b> |
|--------------------------|---------------|------------------|---|
| Hungary                  | Designate BDC | 11/3/89          |   |
| Poland                   | Designate BDC | 1/9/90           |   |
| Panama                   | Reinstate BDC | 3/17/90          |   |
| Liberia                  | Remove        | 7/1/90           | Workers' rights                                       |
| Bahrain                  | Designate BDC | 7/1/90           |   |
| Chile                    | Reinstate BDC | 2/6/91           |   |
| Paraguay                 | Reinstate BDC | 2/6/91           |   |
| Central African Republic | Reinstate BDC | 2/6/91           |   |
| Namibia                  | Designate BDC | 2/6/91           |   |
| Czechoslovakia           | Designate BDC | 4/29/91          |   |
| Sudan                    | Remove        | 7/1/91           | Workers' rights                                       |
| Bulgaria                 | Designate BDC | 12/4/91          |   |
| Yugoslavia               | Remove        | 12/24/91         |   |
| Estonia                  | Designate BDC | 2/22/92          |   |
| Latvia                   | Designate BDC | 2/22/92          |   |
| Lithuania                | Designate BDC | 2/22/92          |   |
| Romania                  | Designate BDC | 3/4/92           |   |
| South Africa             | Designate BDC | 5/10/92          |   |
| Syria                    | Remove        | 8/17/92          | Workers' rights                                       |
| Bosnia                   | Designate BDC | 9/11/92          |   |
| Croatia                  | Designate BDC | 9/11/92          |   |
| Macedonia (FYR)          | Designate BDC | 9/11/92          |   |
| Slovenia                 | Designate BDC | 9/11/92          |   |
| Ethiopia                 | Designate BDC | 1/12/93          |   |
| Albania                  | Designate BDC | 7/1/93           |   |
| Mauritania               | Remove        | 7/1/93           | Workers' rights                                       |
| Russia                   | Designate BDC | 10/18/93         |   |
| Kyrgyzstan               | Designate BDC | 12/29/93         |   |
| Mexico                   | Terminate     | 1/1/94           | Entered North American Free Trade Agreement           |
| Kazakhstan               | Designate BDC | 3/4/94           |   |
| Ukraine                  | Designate BDC | 3/24/94          |   |
| Belarus                  | Designate BDC | 9/3/94           |   |
| Uzbekistan               | Designate BDC | 9/3/94           |   |
| Armenia                  | Designate BDC | 2/22/95          |   |
| West Bank / Gaza         | Designate BDC | 4/1/95           |   |

**Appendix V: Generalized System of Preferences Administrative Reviews**

| <b>Beneficiary</b>   | <b>Action</b>       | <b>Effective</b> | <b>Reason for Removal, Graduation, or Termination</b> |
|----------------------|---------------------|------------------|---|
| Bahamas              | Graduate            | 7/1/95           | High income   |
| Israel               | Graduate            | 7/1/95           | High income   |
| Moldova              | Designate BDC       | 8/15/95          |   |
| Maldives             | Remove              | 9/29/95          | Workers' rights                                       |
| Malaysia             | Graduate            | 1/1/97           | Competitiveness                                       |
| Cambodia             | Designate BDC       | 1/31/97          |   |
| Cyprus               | Graduate            | 1/1/98           | High income   |
| Aruba                | Graduate            | 1/1/98           | High income   |
| Macau                | Graduate            | 1/1/98           | High income   |
| Netherlands Antilles | Graduate            | 1/1/98           | High income   |
| Greenland            | Graduate            | 1/1/98           | High income   |
| Cayman Islands       | Graduate            | 1/1/98           | High income   |
| Gabon                | Designate BDC       | 7/1/99           |   |
| Mongolia             | Designate BDC       | 7/1/99           |   |
| Mauritania           | Reinstate (LDBDC)   | 9/1/99           |   |
| Nigeria              | Designate BDC       | 8/27/00          |   |
| Belarus              | Remove              | 9/1/00           | Workers' rights                                       |
| AGOA beneficiaries   | Designate AGOA BDCs | 10/2/00          |   |
| Eritrea              | Designate BDC       | 10/2/00          |   |
| Georgia              | Designate BDC       | 7/5/01           |   |
| Ukraine              | Remove              | 8/10/01          | Intellectual property rights                          |
| French Polynesia     | Graduate            | 1/1/02           | High income   |
| Malta                | Graduate            | 1/1/02           | High income   |
| New Caledonia        | Graduate            | 1/1/02           | High income   |
| Slovenia             | Graduate            | 1/1/02           | High income   |
| Afghanistan          | Designate BDC       | 1/29/03          |   |
| Afghanistan          | Designate LDBDC     | 2/13/03          |   |
| Chile                | Terminate           | 1/1/04           | Entered FTA   |
| Algeria              | Designate BDC       | 3/16/04          |   |
| Czech Republic       | Terminate           | 5/1/04           | Joined European Union                                 |
| Estonia              | Terminate           | 5/1/04           | Joined European Union                                 |
| Hungary              | Terminate           | 5/1/04           | Joined European Union                                 |
| Latvia               | Terminate           | 5/1/04           | Joined European Union                                 |
| Lithuania            | Terminate           | 5/1/04           | Joined European Union                                 |
| Poland               | Terminate           | 5/1/04           | Joined European Union                                 |
| Slovakia             | Terminate           | 5/1/04           | Joined European Union                                 |

**Appendix V: Generalized System of Preferences Administrative Reviews**

| <b>Beneficiary</b>    | <b>Action</b>   | <b>Effective</b> | <b>Reason for Removal, Graduation, or Termination</b> |
|-----------------------|-----------------|------------------|---|
| Iraq                  | Designate BDC   | 9/22/04          |   |
| Serbia and Montenegro | Designate BDC   | 7/15/05          |   |
| Antigua and Barbuda   | Graduate        | 1/1/06           | High income   |
| Barbados              | Graduate        | 1/1/06           | High income   |
| Bahrain               | Graduate        | 1/1/06           | High income   |
| Morocco               | Terminate       | 1/1/06           | Entered FTA   |
| Ukraine               | Reinstate       | 2/3/06           |   |
| Liberia               | Designate LDBDC | 2/22/06          |   |
| El Salvador           | Terminate       | 3/1/06           | Entered CAFTA-DR                                      |
| Honduras              | Terminate       | 4/1/06           | Entered CAFTA-DR                                      |
| Guatemala             | Terminate       | 7/1/06           | Entered CAFTA-DR                                      |
| East Timor            | Designate LDBDC | 12/29/06         |   |
| Bulgaria              | Terminate       | 12/29/06         | Joined European Union                                 |
| Romania               | Terminate       | 12/29/06         | Joined European Union                                 |
| Dominican Republic    | Terminate       | 3/1/07           | Entered CAFTA-DR                                      |

Legend:

BDC = GSP beneficiary developing country  
 CAFTA-DR = Central America–Dominican Republic Free Trade Agreement  
 FTA = Free trade agreement  
 LDBDC = GSP least-developed beneficiary developing country

Source: USTR.

Notes:

Graduate refers to when a beneficiary is no longer eligible for GSP benefits because it has exceeded statutory gross national income per capita limits or has been determined to be competitive within the meaning of U.S. trade laws.

Remove refers to statutory action to “withdraw, suspend, or limit” a country’s GSP eligibility or benefits, based on country practices pertinent to eligibility.

Terminate refers to when a GSP beneficiary joined the European Community or European Union, was no longer recognized as a sovereign state, or entered into a free trade agreement with the United States.

**Appendix V: Generalized System of  
Preferences Administrative Reviews**

**Table 5: GSP Country Practice Petitions Filed, by Country and Type of Petition, 2001-2006**

**Number of petitions filed with USTR**

| <b>Country</b>     | <b>Workers' rights</b> | <b>Intellectual property rights</b> | <b>Market access</b> | <b>Reverse preferential treatment</b> | <b>Contract nullification</b> | <b>Expropriation</b> |
|--------------------|------------------------|-------------------------------------|----------------------|---------------------------------------|-------------------------------|----------------------|
| Armenia            |                        | 1                                   |                      |                                       |                               |                      |
| Bangladesh         | 2                      |                                     |                      |                                       | 1                             |                      |
| Brazil             |                        | 1                                   |                      |                                       |                               |                      |
| Bulgaria           |                        |                                     |                      | 1                                     |                               |                      |
| Congo (Kinshasa)   |                        |                                     |                      |                                       | 1                             |                      |
| Costa Rica         | 3                      |                                     |                      |                                       |                               |                      |
| Czech Republic     |                        |                                     | 1                    |                                       |                               |                      |
| Dominican Republic |                        | 3                                   |                      |                                       |                               |                      |
| El Salvador        | 5                      |                                     |                      |                                       |                               |                      |
| Guatemala          | 5                      |                                     |                      |                                       |                               |                      |
| Honduras           | 1                      |                                     |                      |                                       |                               |                      |
| Hungary            |                        | 1                                   | 1                    |                                       |                               |                      |
| India              |                        |                                     | 1                    |                                       |                               |                      |
| Iraq               | 1                      |                                     |                      |                                       |                               |                      |
| Kazakhstan         |                        | 1                                   |                      |                                       |                               |                      |
| Lebanon            |                        | 1                                   |                      |                                       |                               |                      |
| Niger              | 1                      |                                     |                      |                                       |                               |                      |
| Oman               | 1                      |                                     |                      |                                       |                               |                      |
| Pakistan           |                        | 1                                   | 1                    |                                       |                               |                      |
| Panama             | 1                      |                                     |                      |                                       |                               |                      |
| Peru               | 1                      |                                     |                      |                                       |                               |                      |
| Poland             |                        | 1                                   | 1                    |                                       |                               |                      |
| Romania            |                        |                                     |                      | 3                                     |                               |                      |
| Russia             |                        | 1                                   |                      |                                       |                               |                      |
| Slovenia           |                        |                                     | 1                    |                                       |                               |                      |
| Sri Lanka          | 1                      |                                     |                      |                                       |                               |                      |
| Swaziland          | 1                      |                                     |                      |                                       |                               |                      |
| Thailand           |                        | 1                                   |                      |                                       |                               |                      |
| Uganda             | 1                      |                                     |                      |                                       |                               |                      |
| Ukraine            |                        | 1                                   |                      |                                       |                               | 1                    |
| Uruguay            |                        | 1                                   |                      |                                       |                               |                      |
| Uzbekistan         |                        | 1                                   |                      |                                       |                               |                      |
| <b>Totals</b>      | <b>24</b>              | <b>15</b>                           | <b>6</b>             | <b>4</b>                              | <b>2</b>                      | <b>1</b>             |

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**Appendix V: Generalized System of  
Preferences Administrative Reviews**

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Source: GAO analysis of USTR documents.

Note: According to USTR, some of these petitions were accepted for review and resolved; others were not accepted for review; a few were withdrawn; and four remain open, as of Aug. 2, 2007.

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# Appendix VI: GAO Contact and Staff Acknowledgments

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## GAO Contact

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## Staff Acknowledgments

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