

The GSP Program

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

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

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

A GSP-eligible import must meet the following requirements:

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

GSP Handicraft items

Eighteen GSP beneficiary countries can also export several certified handicraft items duty-free under GSP because the countries have "certified textile handicraft arrangements" with the United States. Cambodia has not yet entered into such an arrangement with the United States. The items which receive duty-free treatment through this arrangement include hand-loomed carpets, wall hangings, and pillow covers.

Need more information?

For more information about the GSP program, including complete product lists, go to:
http://www.ustr.gov/Trade_Development/Preference_Programs/GSP/Section_Index.html

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