

# *Expanding the Pacific Islands' Exports through GSP*

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Office of the U.S. Trade  
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# *Today's Discussion*

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- U.S. imports from the Pacific Islands
- Overview of Generalized System of Preferences (GSP) program
- How to increase GSP duty-free exports
- Tomorrow: consultations

# *U.S. Imports from the Region*

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- \$265 million in 2006 (down 15% since 2004)
- Top U.S. imports:
  - Tuna and skipjack in oil in bulk or in non-airtight containers
  - Coffee
  - Light oil motor fuel
  - Cocoa beans

# *Top U.S. imports by economy*

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- ❑ **Cook Island:** Antiques, yeasts, foliage
- ❑ **Fiji:** Tuna/skipjack, min. water, sugar
- ❑ **Kiribati:** Ornamental fish, lobsters
- ❑ **Marshall Islands:** Bigeye and yellow fin tuna, fish fillets, medicaments
- ❑ **Micronesia:** Tuna, fish fillets, baskets of vegetable materials
- ❑ **Nauru:** Ferromanganese, natural rubber, shaped non-coniferous wood

# *Top U.S. imports by economy*

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- ❑ **Niue:** Organic surface-active agents
- ❑ **Palau:** Bigeye tuna, freshwater fish fillets, live ornamental fish
- ❑ **Papua New Guinea:** Coffee, light motor oil, cocoa beans
- ❑ **Samoa:** Fruit juice of a single fruit, yellowfin tuna, dried fruit

# *Top U.S. imports by economy*

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- ❑ **Solomon Islands:** Coral and shells, collectors' items, ornamental fish
- ❑ **Tonga:** Fish other than fillets, coral & shells, antiques, ornamental fish
- ❑ **Tuvalu:** Bicycles, unused stamps
- ❑ **Vanuatu:** Antiques, non-citrus oils, ornamental fish, plants used in perfume, in pharmacy, & against bugs

# ***GSP Program***

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- ❑ Created by Congress in 1974.
- ❑ Promotes export-led growth in 135 developing countries; provides cheaper imports for U.S. industry and consumers.
- ❑ All: duty-free treatment for 3,448 products; LDCs: 1436 items more.
- ❑ GSP imports increasing: \$32.6 billion in 2006, up 22% over 2005.

# *Pacific Island Trade Preferences*

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□ **GSP:** Cook Islands, Fiji, Kiribati, Niue, Papua New Guinea, Samoa, Solomon Islands \*\*, Tonga, Tuvalu, Vanuatu

□ **GSP LDC:** Kiribati, Samoa, Tuvalu, Vanuatu

□ **Graduated:** Nauru

□ **Freely Associated States (FAS)\*:** Marshall Islands, Palau, Micronesia

\* Compact of Free Association: 1985



# ***Which Products are Eligible for Duty-Free GSP and FAS Treatment?***

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- ❑ **Eligible:** most manufactured items, inputs for manufactured items; agricultural, fishery, and primary industrial products (metals, chemicals, derivatives).
- ❑ **Not eligible:** most apparel, watches, non-sports footwear, handbags, luggage, flat goods not made of silk, work gloves, and certain leather apparel.
- ❑ **FAS not eligible:** certain buttons; more than 10% of tuna/skipjack in airtight containers consumed by U.S. in previous year.

# *How Exports Qualify for GSP Duty-Free Treatment*

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1. On list of GSP-eligible articles.
2. Imported directly from the beneficiary or pass through another country in a sealed container.
3. Is growth or product of the beneficiary, or if product uses imported inputs, product must meet 35% value-added and transformation rules.
4. An "A", "A+", or A\* is written before the tariff number on U.S. customs form.

**A: from all beneficiaries; A+: from LDCs; A\*: one or more other countries excluded from GSP treatment.**

# *U.S. imports from the Pacific Islands region under GSP & FAS*

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- **GSP:** \$57.3 million (21.6% of all imports); is increasing
- **Top imports under GSP:**
  - Mineral water: \$39.7 million
  - Cane sugar: \$8.7 million
  - Molasses: \$4.2 million
  - Dasheens: \$1.8 million
  - Fruit juices: \$1.1 million
- **FAS:** \$716,000; is decreasing
- **Top imports under FAS:**
  - Frozen fish meat in bulk: \$231,344
  - Frozen freshwater fillets: \$229,889
  - Basketwork of veg. materials: \$127,886
  - Rum and tafia in large containers: \$86,841

# *Small number of unclaimed imports under GSP, but.....*

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- ❑ **Item GSP-eligible** - but GSP treatment not claimed on entry form
- ❑ **\$2.2 million (4% of total GSP-elig.)**
- ❑ **High utilization** (96% v 88% globally)
- ❑ **Mineral water** (Fiji); **dried fruit** (Samoa); **active yeasts** (Cook Islands); **gold jewelry** (Solomon Islands); **palmitic acid** (Tonga); **wooden statuettes** (PNG); **food preparations** (Vanuatu)

# *Recommendations*

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- ❑ Expand use of GSP and FAS benefits
- ❑ Ensure all imports properly marked
- ❑ Export GSP-eligible items to U.S.
- ❑ Pool inputs through regional association
- ❑ Do GSP certified handicraft arrangements
- ❑ Look at GSP eligibility:
  - Nauru: reinstate eligibility
  - Solomon Islands: LDC eligibility

# *U.S. Imports from the Cook Islands under GSP*

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- **Current: \$16,298 (2006)**
  - Black pearl items (3.3%), gold necklaces and chains (5.5%), rings, pendants, earrings, etc. (5.5%)
- **Unclaimed-\$307k:** yeasts (6.4%), national flags (7%), silver jewelry 5%
- **GSP-eligible to U.S.:** Fruit & veg. juice, papayas & other fresh fruit, precious stones, handicrafts

# *U.S. Imports from Fiji under GSP*

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- **Current: \$52.8 million (2006)**
  - mineral water (\$39.7m), cane sugar (\$5.8m), molasses (\$4.2m), dasheens (\$1.7m),
- **Unclaimed-\$979k:** mineral water, national flags (7%), bananas/plantains (3.4%), veg. fats (3.2%)
- **GSP-eligible to U.S.:** high starch & other vegetables, confectionary, mackerel, gold or platinum jewelry

# ***U.S. Imports from Kiribati: GSP least-developed beneficiary***

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- ❑ **Current: \$0**
- ❑ **Unclaimed-\$38k:** taps and valves for pipes and tanks (2%)
- ❑ **GSP-eligible to U.S.:** skipjack & yellowfin tuna, ferrosilicon manganese, ornamental fish, copra and copra oilcake, coconuts, coconut oil and oilcake , cement, frozen or dried mollusks, dried mushrooms and truffles



# *U.S. Imports from Marshall Islands under FAS*

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- **Current:** rum and tafia (\$87,000), yellowfin tuna (\$10,000)
- **Potential:** handicrafts (from seashells, wood and pearls), tunas, coconut and copra oil, fish fillets, live ornamental fish, coral and shells

# *U.S. Imports from Micronesia under FAS*

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- **Current:** basketwork of vegetable material, frozen fruit, yellowfin tuna
- **Potential:** skipjack and other tunas, mollusks, fish fillets, aluminum waste and scrap, wickerwork and other articles of vegetable materials, craft items from shells, copper waste and scrap, coral, frozen fruit juice, pearls

# *U.S. Imports from Nauru under GSP*

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- **Current:** Nauru graduated from the GSP program in 1988; current GNI per capita data indicates that it would be eligible for U.S. GSP, if interested.
- **Potential:** Phosphates, rubber, ferromanganese, deciduous wood, handkerchiefs containing silk, coconuts and coconut oil

# *U.S. Imports from Niue under GSP*

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- ❑ **Current:** organic surface-active agents (4%): \$51,000
- ❑ **Unclaimed-\$4k:** plastic pipe, tubes and hoses (3.1%)
- ❑ **Potential:** noni and noni juice, taro, coral and shells, dried fish, copra, coconuts, gold jewelry, handicrafts from shell, wood and pearls

# *U.S. Imports from Palau under FAS*

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- ❑ **Current:** Bigeye tuna (\$2,428)
- ❑ **Potential:** Other tuna, ornamental live fish, frozen fish fillets, other prepared or preserved fish, unworked coral or mollusk shells or in powder form, juice of a single fruit, dried vegetables

# *U.S. Imports from Papua New Guinea under GSP*

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- **Current:** \$ 2.9 million
  - Raw cane sugar
  - Wooden statuettes (3.2%)
  - Wood doors (4.8%)
  - Natural stone curbstones/flagstones (2.8%)
- **Unclaimed \$26k:** Wooden statuettes, inlaid wood furniture (3.2%), items in purses (3.7%), leather belts (2.7%)
- **Potential:** gold and silver jewelry, copper, coffee, palm oil, copra, vanilla beans

# *U.S. Imports from Samoa under GSP (LDC)*

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- **Current:** \$1.3 million (2006)
  - Fruit & nut flower/meal/powder (9.6%)
  - Juice of single fruit (0.5 cts/liter)
- **Eligible:** \$456k: dried fruit (2.5%), fruit juice (.5 cts/liter), plastic bags and boxes (3%), eye glasses (2.5%)
- **Potential:** wiring harnesses, taro, fish, juices, fresh fruit, mats of vegetable materials

# ***U.S. Imports from the Solomon Islands under GSP (LDC?)***

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- ❑ **GSP LDC:** Explore designation
- ❑ **Current:** Bldg stone (6.5%) \$3250
- ❑ **Unclaimed \$92k-**Semi-manufactured non-monetary gold 4.1%
- ❑ **Potential:** non-coniferous wood, various tuna, palmitic oil, cocoa beans, copra and copra oil, unworked coral and mollusk shell powder, carvings of coral and other animals, ornamental live fish



# *U.S. Imports from Tonga under GSP*

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## □ **Current: \$164,112**

- Cassava frozen (7.9%) & fresh (11.3%)
- Dasheens (2.3%)
- Yams (6.4%)
- Dasheens (6%)
- Food preps (6.4%)

## □ **Eligible \$142k:** Cassava, sweet potatoes (4.5%), palmitic acid (5%), drill and lathe parts (4.7%)

## □ **Potential:** calcium phosphate, tunas, fruit of single juice, uncombed or carded cotton, dried fish, live ornamental fish, bananas/plantains

# *U.S. Imports from Tuvalu under GSP (LDC)*

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- ❑ **Current: none (2006)**
- ❑ **Eligible \$46k:** bicycles (11%), air conditioner parts (1.4%), machines to work rubber or plastic (3.1%)
- ❑ **Potential:** fish, copra, accessories for Christmas festivities

# ***U.S. Imports from Vanuatu under GSP (LDC)***

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- **Current: \$85,000:** 100% utilization
  - Food preparations (6.4%)
  - Wood and parquet panels, shingles, shakes (3.2%)
  - Wooden statuettes (3.2%)
  
- **Potential:** tunas, copra, coconut oil, vegetable products, cocoa beans, plants for medicaments, fish meal and pellets, fish

# *Thank you!*

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