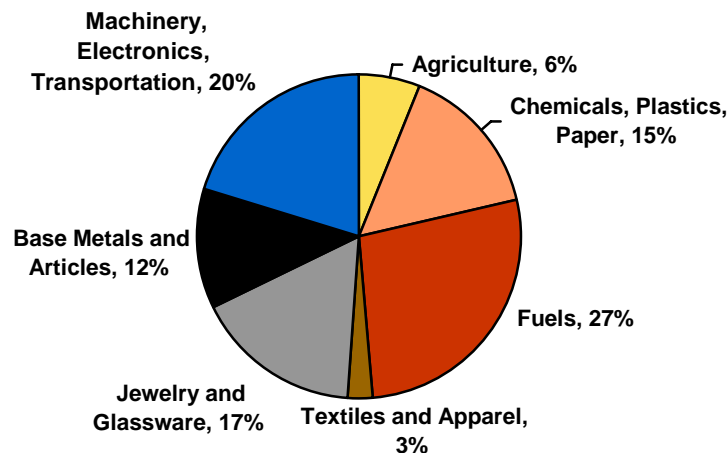


Kazakhstan and the U.S. Generalized System of Preferences (GSP) Program March 2008

What is GSP?

The U.S. GSP program provides significant opportunities for Kazakhstan to increase its exports to the United States. GSP provides duty-free treatment for about 3,400 types of exports from Kazakhstan and 130 other developing countries. The purpose of the GSP program is to give these exports a competitive edge in the U.S. market. U.S. companies and customers are especially interested in buying goods through the GSP program because the exports are not charged tariffs, upon entering the United States, which can range from two percent to seventeen percent of the items' cost. U.S. imports under GSP in 2007 totaled approximately \$31 billion.

Many items are eligible for GSP duty-free treatment. These include most manufactured goods; inputs used in manufacturing; jewelry; many types of carpets; agricultural and fishery products; and many types of chemicals, marble, and minerals. Not eligible for GSP duty-free treatment are certain textiles and apparel; watches; some footwear, handbags, and other leather items; luggage; most cloths and sheets for kitchen and bedroom use; and work gloves. The chart below shows the percentage of product types entering the United States under the GSP program in 2006.



How does an import receive GSP duty-free treatment?

A GSP-eligible import must meet the following requirements:

- be included on the list of GSP-eligible articles;
- be imported into the United States directly from Kazakhstan or pass through another country under a bill of lading
- be the growth, product, or manufacture of Kazakhstan;
- if some materials used to make the product are imported into Kazakhstan, the cost of the Kazakhstani materials plus the cost of processing must equal at least 35 percent of the product's sales price;
 - imported materials can count toward that 35 percent only if the imported materials are "substantially transformed" and then used to produce or manufacture the export

- “substantially transformed” means that the imported items go through at least two types of changes in form from when they were first imported
- **MOST IMPORTANTLY:** The importer must request duty-free treatment under GSP by placing an “A,” in front of the Harmonized Tariff Schedule of the United States number that identifies the imported article on U.S. Customs Entry Form 7501 (see Attachment Two).

What documents are needed to ensure GSP duty-free treatment?

- For agricultural exports:
 1. Producer’s statement verifying which town and farm the product is grown on;
 2. Description of product and quantity;
 3. Dated invoices for costs incurred.
- To verify the 35 percent rule-of-origin requirement:
 1. Dated invoices for materials used to produce the good, showing from where the materials came;
 2. Description of product and quantity.
- If processing operations are involved:
 1. Description of processing and location;
 2. Documentation of the direct costs of processing operations.

NOTE: The importer must keep all documents for at least five years.

Kazakhstan’s Use of GSP Preferences

U.S. imports entering under GSP

U.S. imports from Kazakhstan under GSP were approximately \$420 million in 2007, accounting for 34 percent of overall U.S. imports from Kazakhstan. This was approximately 13 percent less than U.S. from the country under GSP in 2006 (see Attachment One). In 2007, Kazakhstan was the 11th largest user of the GSP program and has one of the highest percentages of U.S. imports under GSP as compared to all imports from the country .

Top U.S. imports from Kazakhstan entering under GSP in 2007 were:

- Unwrought zinc (\$172 million) – an increase of 753 percent over 2006
- Ferrochromium (\$160 million) – an increase of 89 percent over 2006
- Ferrosilicon chromium (\$31 million) – an increase of 34 percent over 2006

U.S. imports under GSP which decreased significantly in 2007 were beryllium, gold jewelry, and caviar.

How to Export More Products from Kazakhstan Using GSP Duty-Free Benefits

1. Ensure that U.S. importers indicate on the U.S. Customs Entry form if a product is eligible for GSP duty-free treatment.
2. Look at the Kazakhstan products that are exported to the European Union or other markets, and consider exporting these products to the U.S. market as well if they are eligible for GSP.

For more information:

- The GSP Guidebook, lists of GSP-eligible products and other information: http://www.ustr.gov/Trade_Development/Preference_Programs/GSP/Section_Index.html
- The U.S. Harmonized Tariff Schedule is at <http://www.usitc.gov/tata/hts/>
- GSP-eligible products: http://dataweb.usitc.gov/scripts/gsp/gsp_tariff.asp
- U.S. Customs’ import procedures information: <http://www.cbp.gov/>

- Record-keeping requirements: http://www.cbp.gov/xp/cgov/import/reg_audit/archive/gsp.xml

Attachment One: U.S. Imports from Kazakhstan under GSP

U.S. Imports For Consumption

Annual Data

HTS Number	2005	2006	2007	Percent Change 2006 - 2007
	<i>In Actual Dollars</i>			
79011250 Zinc (o/than alloy), unwrought, o/than casting-grade zinc, containing at least 97.5% but less than 99.99% by wt. of zinc	0	20,159,698	172,056,662	753.5%
72024100 Ferrochromium containing by weight more than 4 percent of carbon	111,336,588	84,532,534	159,969,102	89.2%
72025000 Ferrosilicon chromium	24,406,341	23,187,490	31,117,858	34.2%
28419020 Ammonium perrhenate	2,915,347	12,361,852	21,764,450	76.1%
72024950 Ferrochromium containing by weight 3 percent or less of carbon	6,990,526	4,682,188	10,021,582	114.0%
28191000 Chromium trioxide	3,281,165	4,384,030	5,852,834	33.5%
81039000 Tantalum, articles nesoi	3,628,548	2,844,459	5,075,090	78.4%
81032000 Tantalum, unwrought (including bars and rods obtained simply by sintering); tantalum powders	12,210,596	4,067,182	4,775,372	17.4%
81121200 Beryllium, unwrought; beryllium powders	4,961,220	3,444,547	2,678,656	-22.2%
81041100 Magnesium, unwrought, containing at least 99.8 percent by weight of magnesium	2,665,843	2,850,232	2,565,544	-10.0%
74032200 Copper-tin base alloys (bronze), unwrought nesoi	633,840	1,078,122	1,551,829	43.9%
11090090	0	362,660	964,700	166.0%

Wheat gluten, whether or not dried, to be used for other than animal feed				
71131950 Precious metal (o/than silver) articles of jewelry and parts thereof, whether or not plated or clad with precious metal,nesoi	6,118,442	5,011,865	822,944	-83.6%
81121900 Beryllium, articles nesoi	370,453	0	151,656	N/A
16043020 Caviar	2,610,811	393,202	140,721	-64.2%
84099199 Parts nesi, used solely or principally with spark-ignition internal-combustion piston engines of heading 8407, nesi	0	0	26,698	N/A
28461000 Cerium compounds	0	0	11,699	N/A
71131929 Gold necklaces and neck chains (o/than of rope or mixed links)	276,178	272,231	7,519	-97.2%
25152000 Calcareous monument.or build.stone (o/than marble/traver.) of spec. gravity >=2.5 & alabaster, crude, rough, trimmed or cut blocks or slabs	0	0	7,130	N/A
35069900 Prepared glues and other prepared adhesives, excluding adhesives based on rubber or plastics, nesoi	0	0	2,737	N/A
69059000 Ceramic chimney pots, cowls, chimney liners, architectural ornaments and other construction goods	0	0	2,448	N/A
44189046 Builders' joinery and carpentry of wood, nesoi	0	0	2,058	N/A
57029130 Floor coverings,not of pile construction,woven not on power-driven loom, made up, of wool or fine animal hair,nesi	0	0	1,800	N/A
11090010 Wheat gluten, whether or not dried, to be used as animal feed	350,170	826,421	0	-100.0%

28256000 Germanium oxides and zirconium dioxide	0	0	0	N/A
Subtotal :	182,756,068	170,458,713	419,571,089	146.1%
All Other:	23,636,446	312,610,196	0	-100.0%
Total	206,392,514	483,068,909	419,571,089	-13.1%

Sources: Data have been compiled from tariff and trade data from the U.S. Department of Commerce and the U.S. International Trade Commission.

Attachment Two

SAMPLE U.S. CUSTOMS ENTRY FORM 7501

16-J-1-2007 10.59am From Trade Corporation

002441206

1 187 P 003/002 F-036

DEPARTMENT OF HOMELAND SECURITY U.S. Customs and Border Protection ENTRY SUMMARY				1. Header Code/Entry No. BWC 000	2. Entry Type 01 ABI/A	3. Summary Date 10/04/2006																														
				4. Surety No.	5. Bond Type 8	6. Port Code 2704																														
				7. Entry Date 03/24/2006	8. Port Code 2704	9. Entry Date 03/24/2006																														
8. Importing Carrier		9. Mode of Transport 12		10. Country of Origin TR		11. In-Port Code 09/24/2006																														
12. Bill of Lading No.		13. Manufacturer ID		14. Exporting Country TR		15. Export Date 03/30/2006																														
16. I.T. No.	17. I.T. Date	18. Missing Docs	19. Foreign Port of Loading 55735		20. U.S. Port of Loading 2704																															
21. Location of Goods/B.O. No.		22. Consignee No. SAME		23. Importer No.		24. Reference No.																														
25. Ultimate Consignee Name and address				26. Importer of Record Name and address																																
City State IN Zip				City State IN Zip																																
27. 28. Description of Merchandise				32. A. Entered Value B. CHGS C. Relationship		33. A. HTSUS Rate B. ADCVD Rate C. IRC Rate D. Visa No.																														
Line No.	A. HTSUS No. B. ADCVD Class No.	A. Gross Weight D. Manifest Qty.	B. Net Quantity in HTSUS Units C. 31.	34. Duty Rate 35. I.R. Tax		36. Curr.																														
	M W465000914	11	B03CER1365LY	NOT RELATED		2700 CABS																														
	INVOICE 00001			51840		0.00																														
	DISPOSED SHAMLES RUBBER GL			C3959																																
	A 4015.19.1010	16940	112500 DDR	0.125%		64.00																														
	HARBOR MAINTENANCE FEE			0.21%		108.86																														
	MERCHANDISE PROCESSING FEE			AS ENTERED																																
Other Fee Summary for Block 39				35. Total Entered Value		TOTALS																														
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>39.00</td> <td>45.00</td> <td>LOF, RE</td> <td>64.80</td> </tr> <tr> <td>00.00</td> <td></td> <td></td> <td></td> </tr> <tr> <td colspan="4">Total Other Fees</td> </tr> <tr> <td colspan="4" style="text-align: right;">\$ 173.66</td> </tr> </table>				39.00	45.00	LOF, RE	64.80	00.00				Total Other Fees				\$ 173.66				<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="2">CBP USE ONLY</th> <th>37. Duty</th> </tr> <tr> <td>A. LIQ CODE 355</td> <td>B. Ascertained Duty</td> <td></td> </tr> <tr> <td>REASON CODE</td> <td>C. Ascertained Tax</td> <td></td> </tr> <tr> <td></td> <td>D. Ascertained Other</td> <td>173.66</td> </tr> <tr> <td></td> <td>E. Ascertained Total</td> <td>173.66</td> </tr> </table>		CBP USE ONLY		37. Duty	A. LIQ CODE 355	B. Ascertained Duty		REASON CODE	C. Ascertained Tax			D. Ascertained Other	173.66		E. Ascertained Total	173.66
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A. LIQ CODE 355	B. Ascertained Duty																																			
REASON CODE	C. Ascertained Tax																																			
	D. Ascertained Other	173.66																																		
	E. Ascertained Total	173.66																																		
36. DECLARATION OF IMPORTER OF RECORD (OWNER OR PURCHASER) OR AUTHORIZED AGENT				38. Signature		39. Date																														
I declare that I am the <input type="checkbox"/> Importer of record and that the actual owner, purchaser, or consignee for CBP purposes is as shown above, OR <input checked="" type="checkbox"/> owner or purchaser or agent thereof. I further declare that the merchandise <input checked="" type="checkbox"/> was obtained pursuant to a purchase or agreement to purchase and that the prices set forth in the invoice are true, OR <input type="checkbox"/> was not obtained pursuant to a purchase or agreement to purchase and the statements in the invoice as to value or price are true to the best of my knowledge and belief. I also declare that the statements in this document's header fully disclose to the best of my knowledge and belief the true prices, values, quantities, rebates, drawbacks, fees, commissions, and royalties and are true and correct, and that all goods or services provided to the seller of the merchandise either free of or reduced cost are fully disclosed. I will immediately furnish to the appropriate CBP office any information showing a different statement of facts.				[Signature] DATE 10/12/2006																																
41. DECLARANT NAME				42. Broker/Importer File No. 6841		43. Date																														
44. Broker/Importer Information (Name, address, phone number)				45. Broker/Importer File No. 6841		46. Date																														

CBP Form 7501 (04/05)