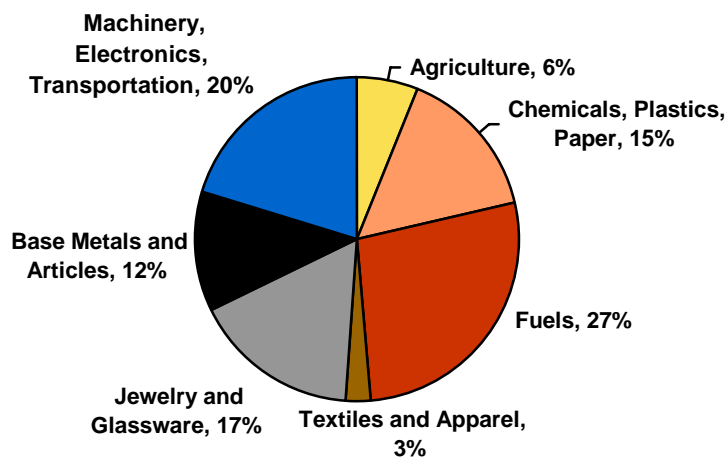**Kyrgyzstan and the U.S. Generalized System of Preferences (GSP) Program**
How to Use GSP Duty-Free Benefits to Increase Kyrgyzstan's Exports
March 2008

What is GSP?

The U.S. GSP program provides significant opportunities for Kyrgyzstan to increase its exports to the United States. GSP provides duty-free treatment for about 3,400 types of exports from Kyrgyzstan 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 from all beneficiary countries totaled $32.6 billion in 2006 and $30.8 billion in 2007.

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.

A list of U.S. imports from Kyrgyzstan under GSP in 2006 and 2007, as well as those U.S. imports that were eligible for GSP duty-free treatment but were not claimed as such by U.S. importers is shown in Attachment Two.

In summary, U.S. importers of Kyrgyz exports do not claim GSP duty-free import for almost all GSP-eligible items from Kyrgyzstan. This results in Kyrgyz exports to the United States less competitive in the U.S. market:

	2006	2007
Total of all GSP-eligible products imported into United States (2006 and 2007)	$998,717	$361,747
Total of all GSP-eligible products claimed under GSP when imported into U.S.	$19,072	$27,951
Percentage of all GSP-eligible products claimed under GSP	1.91%	7.73%

The last percentages mean that in 2006, only 1.91 percent of all GSP-eligible items were claimed under GSP by US importers. That improved very slightly in 2007 to 7.73%. The average of all GSP beneficiaries is about 88% of all eligible items being claimed. Unfortunately, Kyrgyz exporters are not taking advantage of the GSP program, which is an excellent opportunity to get their goods into the U.S. market duty-free and to enhance their goods' competitiveness. Because it is very difficult to communicate this to all U.S. importers, the best approach is to work with the Kyrgyz government, business associations, and with individual Kyrgyz producers, manufacturers, and other exporters. It is very important AND SAVES MONEY that they tell their U.S. importers and buyers that the specific goods are GSP-eligible and that to save paying the duties, the US importers should claim the eligible imports under GSP on the Customs Summary Entry Form (form 7501 – Attachment One).

How does a U.S. import from Kyrgyzstan 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 Kyrgyzstan or pass through another country under a bill of lading
- be the growth, product, or manufacture of Kyrgyzstan;
- if some materials used to make the product are imported into Kyrgyzstan, the cost of the Kyrgyzstani 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 One).

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.

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

SAMPLE U.S. CUSTOMS ENTRY FORM 7501

DEPARTMENT OF HOMELAND SECURITY U.S. Customs and Border Protection ENTRY SUMMARY		1. Filer Code/Entry No AWC 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 09/24/2006
8. Importing Carrier	9. Mode of Transport 11	10. Country of Origin TR		11. Import Date 09/26/2006
12. B/L or AWB No.	13. Manufacturer ID	14. Exporting Country TR		15. Export Date 09/30/2006
16. I.T. No.	17. I.T. Date	18. Missing Docs	19. Foreign Port of Lading 55735	20. U.S. Port of Unlading 2704
21. Location of Goods/G.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
City	State IN Zip			

27. Line No.	28. Description of Merchandise			32. A. Entered Value B. CHGS C. Relationship	33. A. HTSUS Rate B. AD/CVD Rate C. IRC Rate D. Visa No.	34. Duty and I.R. Tax
	29. A. HTSUS No. B. AD/CVD Case No.	30. A. Gross Weight D. Manifest Qty.	31. Net Quantity in HTSUS Units		2700 CASES	Dollars Cents
001. A	M W465000914 11 B03CER1365LY INVOICE 00001 DISPOSBL SEAMLES RUBBER GL 4015.19.1010 16940 112500 DPR HARBOR MAINTENANCE FEE MERCHANDISE PROCESSING FEE			NOT RELATED 51840 C3959	FREE 0.125% 0.21% AS ENTERED	0.00 64.80 108.86

Other Fee Summary for Block 39 HMF 501 45.00 / 106.86 MPF 501 64.80	35. Total Entered Value $ 51,840.00	CBP USE ONLY	TOTALS
	Total Other Fees $ 173.66	A. LIQ CODE 357 REASON CODE	B. Ascertained Duty 37. Out
			C. Ascertained Tax 38. Tax
36. DECLARATION OF IMPORTER OF RECORD (OWNER OR PURCHASER) OR AUTHORIZED AGENT			D. Ascertained Other 39. Other 173.66

I declare that I am the ☐ importer of record and that the actual owner, purchaser, or consignee for CBP purposes is as shown above, OR ☒ owner or purchaser or agent thereof. I further declare that the merchandise ☒ was obtained pursuant to a purchase or agreement to purchase and that the prices set forth in the invoices are true, OR ☐ was not obtained pursuant to a purchase or agreement to purchase and the statements in the invoices as to value or price are true to the best of my knowledge and belief. I also declare that the statements in this document herein filed 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 at reduced cost are fully disclosed. I will immediately furnish to the appropriate CBP officer any information showing a different statement of facts.

41. DECLARANT NAME TITLE	SIGNATURE	DATE 10/12/2006
42. Broker/Filer Information (Name, address, phone number)	43. Broker/Importer File No. 6841	

CBP Form 7501 (04/06)

SIGNATURE   RECORD

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GSP-ELIGIBLE U.S. IMPORTS FROM KYRGYZSTAN IN 2006 AND 2007

HTS Number	Product	MFN Duty	GSP Eligible	Did importer claim imported product under GSP?	2006	2007
39239000	Articles nesoi, for the conveyance or packing of goods, of plastics	3%	A*	Yes	$6,951	$0
62043960	Women's or girls' suit-type jackets and blazers, not knitted/crocheted, of textile materials nesoi, cont. 70% + of silk or silk waste	1%	A	Yes	$2,705	$9,560
62044910	Women's or girls' dresses, not knitted or crocheted, containing 70% or more by weight of silk or silk waste	6.9%	A	Yes	$4,748	$0
62141010	Shawls, scarves, mufflers, mantillas, veils and the like, not knitted or crocheted, containing 70% or more silk or silk waste	1.2%	A	Yes	$372	$590
63079098	National flags and other made-up articles of textile materials, nesoi	7%	A	Yes	$1,910	$2,896
65069960	Headgear (other than safety headgear), nesoi, of materials other than rubber, plastics, or furskins, whether or not lined or trimmed	8.5%	A	Yes	$0	$600
67029065	Artificial flowers/foliage/fruit & pts thereof; articles of artif. flowers, etc.; all the foregoing of materials o/than plast./feath./mmf	17%	A	Yes	$650	$272
90041000	Sunglasses, corrective, protective or other	2%	A	Yes	$0	$14,033
94049020	Pillows, cushions and similar furnishings, other than of cotton	6%	A	Yes	$1,736	$0

09042076	Fruits of the genus capsicum, ground, nesoi	5 cents/kg	A*	No		$0	$12,987
39029000	Polymers of propylene or of other olefins, nesoi, in primary forms	6.5%	A*	No		$0	$1,282
82072000	Interchangeable dies for drawing or extruding metal, and base metal parts thereof	3.9%	A*	No		$6,760	$0
84099991	Parts nesi, used solely or principally with the engines of heading 8408, for vehicles of heading 8701.20, 8702, 8703, 8704	2.5%	A*	No		$9,314	$0
84819030	Parts of hand operated and check appliances for pipes, boiler shells, tanks, vats or the like, of iron or steel	5%	A*	No		$4,249	$0
85030095	Other parts, nesi, suitable for use solely or principally with the machines in heading 8501 or 8502	3%	A*	No		$0	$11,655
05119940	Animal products nesi; dead animals of chapter 1, unfit for human consumption	1.1%	A	No		$5,000	$0
07129070	Dried fennel, marjoram, savory and tarragon nesi, whole, cut, sliced, broken or in powder, but not further prepared	1.9%	A	No		$4,316	$0
21069099	Food preparations not elsewhere specified or included, not canned or frozen	6.4%	A	No		$39,875	$0
28369910	Cobalt carbonates	4.2%	A	No		$137,371	$0
29054400	D-glucitol (Sorbitol)	4.9%	A	No		$52,762	$0
29310090	Other non-aromatic organo-inorganic compounds	3.7%	A	No		$48,776	$9,306

32071000	Prepared pigments, opacifiers, colors, and similar preparations, of a kind used in the ceramic, enamelling or glass industry	3.1%	A	No	$10,355	$0
32081000	Paints and varnishes (including enamels and lacquers) based on polyesters in a nonaqueous medium	3.7%	A	No	$9,143	$0
32082000	Paints and varnishes (including enamels and lacquers) based on acrylic or vinyl polymers in a nonaqueous medium	3.6%	A	No	$11,628	$0
32141000	Glaziers' putty, grafting putty, resin cements, caulking compounds and other mastics; painters' fillings	3.7%	A	No	$34,279	$169,974
35069100	Adhesive preparations based on rubber or plastics (including artificial resins)	2.1%	A	No	$57,340	$0
39072000	Polyethers, other than polyacetals, in primary forms	6.5%	A	No	$0	$260
39100000	Silicones in primary forms	3%	A	No	$110,084	$24,469
39172300	Tubes, pipes and hoses, rigid, of polymers of vinyl chloride	3.1%	A	No	$0	$1,274
39174000	Fittings of plastics, for plastic tubes, pipes and hoses, nesoi	5.3%	A	No	$0	$450
39191020	Self-adhesive plates, sheets, other flat shapes, of plastics, in rolls n/o 20 cm wide, not having a light-reflecting glass grain surface	5.8%	A	No	$468	$0

39202000	Nonadhesive plates, sheets, film, foil and strip, noncellular, not reinforced or combined with other materials, of polymers of propylene	4.2%	A	No	$0	$39,858
39249010	Curtains and drapes, incl. panels and valances, napkins, table covers, mats, scarves, runners, doilies, and like furnishings, of plastics	3.3%	A	No	$0	$1,153
39269099	Other articles of plastic, nesoi	5.3%	A	No	$0	$6,230
40092100	Tubes, pipes and hoses of vulcanized rubber other than hard rubber, reinforced or combined only with metal, without fittings	2.5%	A	No	$22,912	$0
40101910	Conveyor belts or belting of vulcanized rubber, nesoi, combined with textile materials in which vegetable fibers predominate ov other fibers	4.1%	A	No	$34,537	$0
40103930	Transmission belts or belting of vulcanized rubber, nesoi, combined with textile materials in which vegetable fiber predominate other fibers	4.1%	A	No	$13,043	$0
40169903	Containers of noncellular vulcanized rubber, other than hard rubber, of a kind for packing, transport or marketing of merchandise	3%	A	No	$0	$859

42022910	Handbags w. or w/o shld. strap or w/o handle of mat. (o/t leather, shtng. of plas., tex. mat., vul. fib. or paperbd.), paper cov., of plas.	5.3%	A	No	$5,478	$0
42033000	Belts and bandoliers with or without buckles, of leather or of composition leather	2.7%	A	No	$324	$0
62043960	Women's or girls' suit-type jackets and blazers, not knitted/crocheted, of textile materials nesoi, cont. 70% + of silk or silk waste	1%	A	No	$12,376	$0
62044910	Women's or girls' dresses, not knitted or crocheted, containing 70% or more by weight of silk or silk waste	6.9%	A	No	$10,653	$0
62141010	Shawls, scarves, mufflers, mantillas, veils and the like, not knitted or crocheted, containing 70% or more silk or silk waste	1.2%	A	No	$1,012	$0
68029115	Monumental or building stone & arts. thereof (o/than slabs), of marble, further worked than simply cut/sawn, nesoi	4.9%	A	No	$23,513	$0
73071930	Cast ductile iron or steel, fittings for tubes or pipes	5.6%	A	No	$17,280	$0
73181900	Iron or steel, threaded articles similar to screws, bolts, nuts, coach screws & screw hooks, nesoi	5.7%	A	No	$3,119	$0
73262000	Iron or steel, articles of wire, nesoi	3.9%	A	No	$4,763	$0
73269085	Iron or steel, articles, nesoi	2.9%	A	No	$2,119	$0

74071050	Refined copper, bars and rods	1%	A	No	$19,220	$0
76071960	Aluminum, foil nesoi, w/thickness o/0.15mm but n/o 0.2 mm or 0.15mm or less & not cut to shape, not rolled, not backed, nesoi	3%	A	No	$54,671	$0
76101000	Aluminum, doors, windows and their frames and thresholds for doors	5.7%	A	No	$132,977	$15,907
78041100	Lead, sheets, strip and foil, w/thickness n/o 0.2 mm, excluding any backing	2.2%	A	No	$3,805	$0
83016000	Base metal parts of padlocks, other locks, and clasps and frames with clasps incorporating locks	2.8%	A	No	$3,500	$0
83024960	Iron or steel, aluminum, or zinc, mountings, fittings & similar articles nesoi, and base metal parts thereof	5.7%	A	No	$0	$3,614
84779085	Parts of machinery for working rubber or plastics or for the manufacture of products from these materials, nesoi	3.1%	A	No	$3,315	$0
85442000	Insulated (including enameled or anodized) coaxial cable and other coaxial conductors	5.3%	A	No	$47,836	$0
87082915	Pts. & access. of bodies for mtr. vehicles of headings 8701 to 8705, door assemblies	2.5%	A	No	$0	$3,760
90112080	Microscopes for microphotography, microcinematography or microprojection, not provided with a means for photographing the image	7.2%	A	No	$2,400	$0

90319090	Parts and accessories of measuring or checking instruments, appliances and machines, nesoi	1.7%	A	No	$0	$2,807

Total of all GSP-eligible products imported into United States (2006 and 2007)	**$979,645**	**$333,796**
Total of all GSP-eligible products claimed under GSP when imported into U.S.	**$19,072**	**$27,951**
Percentage of all GSP-eligible products claimed under GSP	**1.91%**	**7.73%**