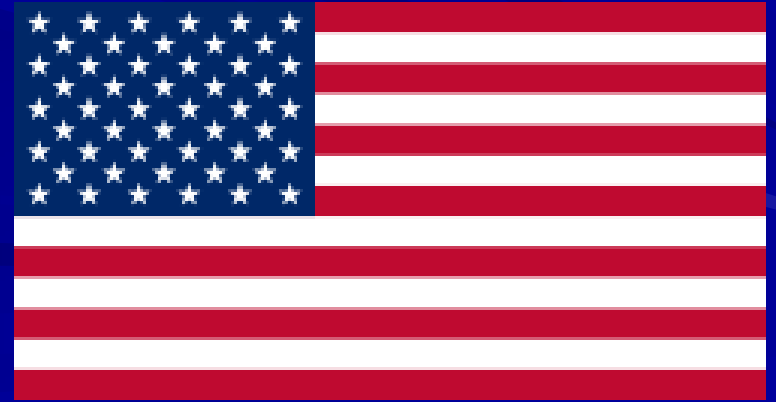
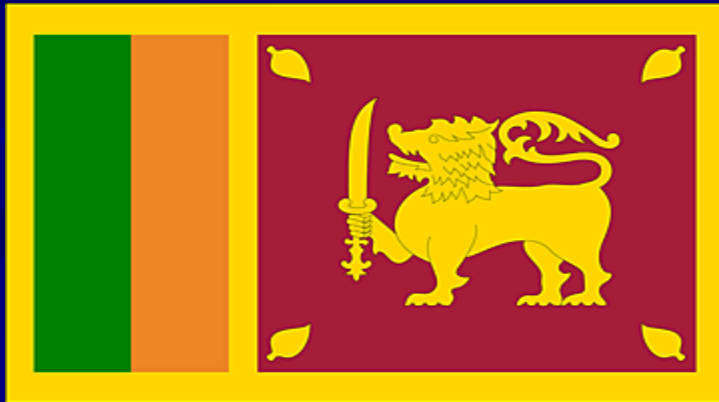


Expanding Sri Lanka's Exports under the GSP Program

**Meredith Broadbent
Office of the U.S. Trade Representative
Executive Office of the President**



Today's presentation

- **Purpose: increase U.S. imports from Sri Lanka**
- **How: one way is to increase Sri Lanka's participation in the GSP program**
- **Why:**
 - **Before: exporter obtained Form A to verify product met GSP rules of origin & eligibility**
 - **Today: producer and exporter must educate the U.S. importer to request GSP duty-free treatment (Form A no longer used by U.S. Customs)**

Presentation Overview

- **U.S. Generalized System of Preferences (GSP) Program: purposes, benefits, and operation**
- **U.S. imports from Sri Lanka under GSP**
- **Using the U.S. GSP program**
- **Increasing Sri Lanka's export opportunities**

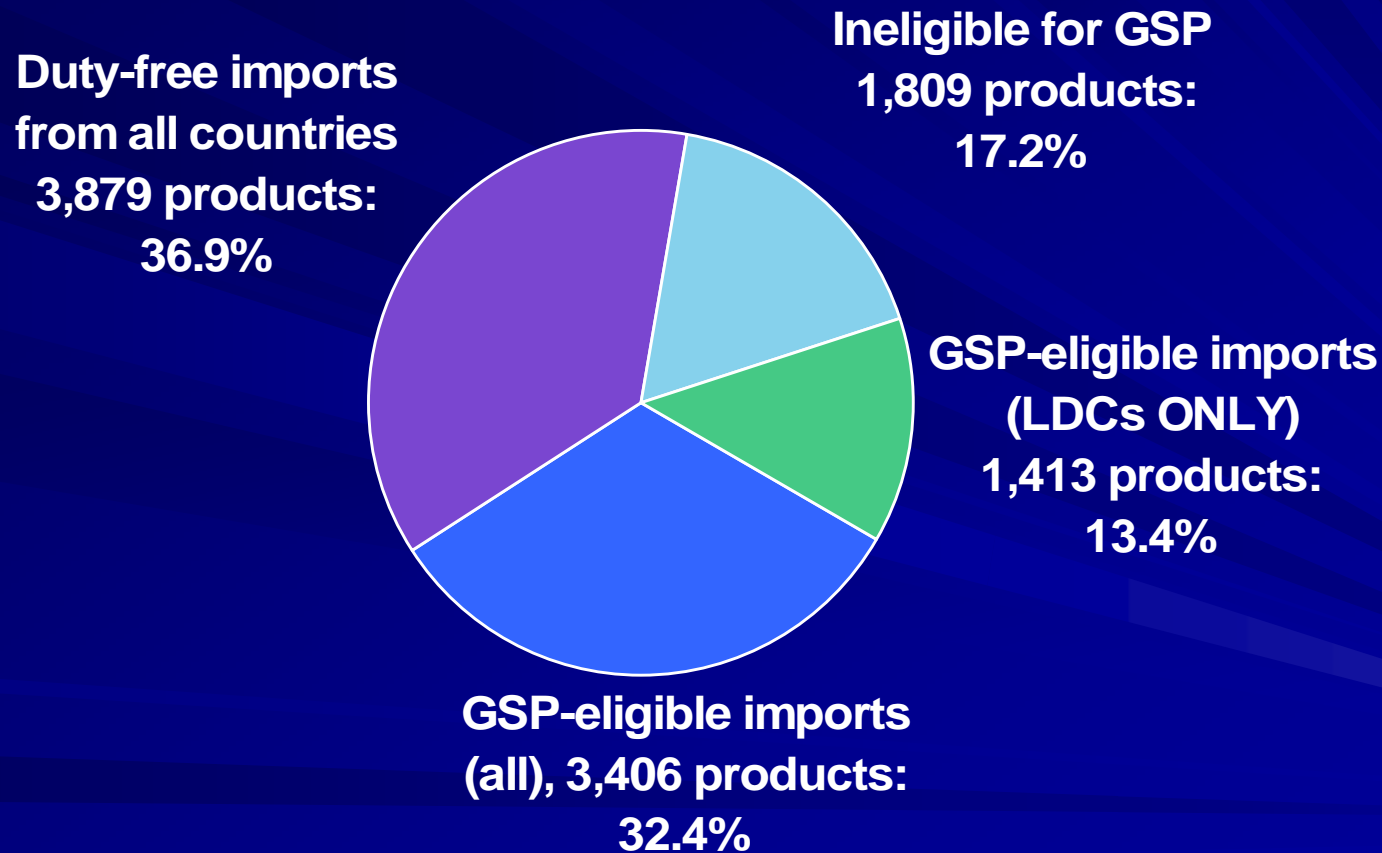
GSP Program: Purposes

- **Created by Congress in 1974**
- **Provides temporary, unilateral tariff preferences to developing countries**
- **Seeks to integrate beneficiary countries into world trading system**
- **Targets benefits to those countries and products that are not yet competitive in the world market**
- **Includes protections for import-sensitive domestic industries**

GSP Program: Benefits

- **Duty-free treatment for imports from 131 countries (43 LDCs)**
- **Imports are more competitively priced in U.S. market; lower costs for U.S. industry and consumers**
- **Major U.S. import program: \$32.6 billion in 2006; up 22% over 2005**

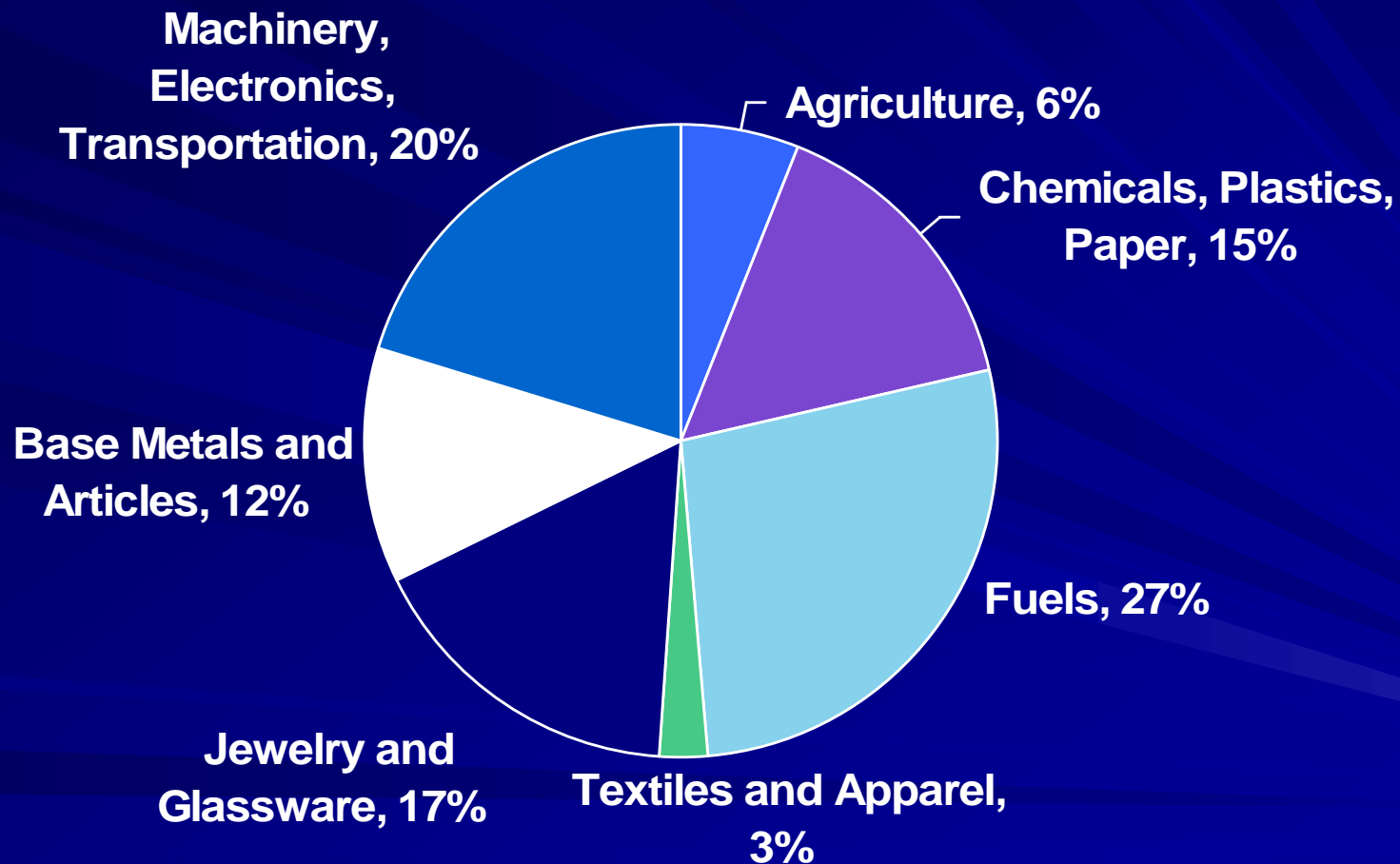
How many products are eligible for GSP duty-free treatment?



Products NOT eligible for GSP

- **Most textile and apparel articles**
- **Most watches**
- **Footwear, handbags, and luggage**
- **Flat goods (kitchen and bed linens)**
- **Work gloves**
- **Most leather wearing apparel**
- **Import-sensitive electronic, steel, and semi-manufactured and manufactured glass products**

Types of U.S. imports that received GSP duty-free treatment in 2006



U.S. Imports from Sri Lanka Under GSP in 2006

- **14th top user of GSP benefits**
- **\$143.6 million (up 4.4% from 2005)**
- **GSP: 6.8% of \$2.1 billion total imports**
- **160 (4.7%) of 3406 GSP-eligible product types***
- **Importers saved \$5.7 million in duties**

**** U.S. importers did not claim GSP duty-free treatment for an additional 35 GSP-eligible product types***

Top U.S. Imports from Sri Lanka (by trade) under GSP (YTD 8/07)

- **Rubber tires: \$27 million (3.4% duty)**
- **Plastic sacks & bags: \$13 million (3%)**
- **Rubber gloves: \$11.7 million (3%)**
- **Activated carbon: \$8.4 million (4.8%)**
- **Weighing machine weights: \$4.5 million (2.8%)**
- **Gold jewelry: \$3.4 million (5.5%)**
- **Porcelain/china household ware: \$3.4m (6-8%)**
- **Rubber floor coverings: \$2.7million (2.7%)**

Top U.S. imports from Sri Lanka by duties saved

- **Porcelain/china kitchenware in sets not over \$56: 26% duty**
- **Silk blend ponytail ties & headbands: 14.6% duty (42% of all imports not claimed under GSP)**
- **Silver & imitation jewelry: 11-13.5% duty**
- **Gemstones: 10%**
- **Brooms & brushes of twigs or vegetable materials: 10%**
- **National flags: 7% (54% of imports not claimed)**

Competitive Need Limitations

- **2007: \$130 million annual trade or more than 50% of all U.S. imports of that item**
- **Petitioned waiver? Not yet necessary**
- ***De minimis* waiver (annual): when total U.S. imports of a product from all countries are under \$18.5 million (2007)**
 - Automatically considered but President has discretion to grant
 - Public comments accepted in late February after full-year 2007 data available and after issuance of a *Federal Register* notice
- **Sri Lanka: currently has a *de minimis* waiver for 9603.10.90 - brooms & brushes of twigs or vegetable materials (\$1m in trade YTD 2007, but 54% market share)**

How to qualify for duty-free treatment under GSP

- (1) Product must be included in U.S. tariff list of GSP-eligible articles (and not excluded from Sri Lanka). Look for the “A” or “A*” in the far right column -----|**

6307.90.75	00	Toys for pets, of textile materials	No. kg	4.3%	Free (BH,CA, CL,E*,IL, J*,JO, MX, P,SG) 1.8% (MA) 3% (AU)
6307.90.85	00	Wall banners, of man-made fibers	kg	5.8% <u>1/</u>	Free (A,BH,CA, CL,E,IL,J, CL,IL,JO, MX, P,SG)

How to qualify for duty-free treatment under GSP

**(2) Product must be imported directly from Sri Lanka or pass through another country on a “through bill of lading” *
(19 CFR 10.175)**

****Shows that export has been sold and placed for through shipment to the United States***

35% value-added requirement

- **Cost of Sri Lankan inputs and labor must equal 35% of product's price when sold**
- **To count toward that 35%, imported inputs must be “substantially transformed” in Sri Lanka and then used to help produce or manufacture item**
- **“Substantially transformed” means that the item's name, character, or use differs from when it was imported**

Agricultural exports

- **Ensure products are free from microbial contamination, foreign material, pests, diseases, and chemical residues**
- **Must comply with USDA or FDA requirements**
- **Care must be taken during each step:**
 - **Production – Packing – Shipping (fresh products)**
 - **Production - Processing – Packaging – Packing – Shipping (processed products)**

Producer required to keep these records for five years

- **Verification of 35 percent rule-of-origin:**
 - Dated invoices for materials used to produce good and from where
 - Description of product, quantity, and costs
- **If processing operations are involved:**
 - Description of processing and location
 - Direct costs of processing operations
- **For agricultural exports:**
 - Producer's statement verifying on which farm and town the product is grown
 - Description of product and quantity
 - Dated invoices for costs incurred

Claiming GSP duty-free treatment

- **Exporter no longer needs to submit Form A but needs to tell the importer that the...**
- **Importer MUST REQUEST GSP duty-free treatment for each qualified item**
- **GSP treatment is NOT automatic**
- **Write an “A” before the tariff number on Customs entry form 7501**

Claiming GSP on Entry Form 7501

The U.S. importer must place an "A" in column 27, in front of the tariff number

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DEPARTMENT OF HOMELAND SECURITY
U.S. Customs and Border Protection
ENTRY SUMMARY

1. Filer Code/Entry No. RWC 000	12. Entry Type 01 ABI/A	13. Summary Date 10/04/2006
4. Entry No. 8	5. Bond Type 2704	7. Entry Date 09/24/2006
10. Country of Origin TR	11. Import Date 09/24/2006	14. Expiring Country TR
15. Foreign Port of Loading 55735	16. U.S. Port of Unloading 2704	18. Importer No.
17. L.T. Date	19. Mailing Date	20. Reference No.
21. Location of Goods/G.O. No.	22. Consignee No. SAME	23. Importer No.
25. Ultimate Consignee Name and Address		26. Number of Received Merchandise
City State IN Zip		City State IN Zip
27. Description of Merchandise		
Line No.	A. HTSUS No. B. ADICVD Case No.	C. Gross Weight D. Manifest Qty.
001	4015.19.1010	16940 112500 DDR
A		
INVOICE 00001 DISPOSED SHAMLES RUBBER GL HARBOR MAINTENANCE FEE MERCHANDISE PROCESSING FEE		
A. Excluded Value D. CHES C. Relationship		
NOT RELATED		
A. HTSUS Rate B. ADICVD Rate C. IRC Rate D. Use No.		
2700 CASES		
AS ENTERED		
Duty Rate		
0.00		
64.00		
108.86		
Other Fee Summary for Block 39		32. Total Entered Value
ADP 487 106.86	CBP 507 64.00	\$ 51,840.00
Total Other Fees		\$ 173.66
33. CBP USE ONLY		
A. Duty Code 339		
B. Assessed Duty		
C. Assessed Tax		
D. Assessed Other		
E. Assessed Total		
173.66		
173.66		
34. DECLARATION OF IMPORTER OF RECORD (OWNER OR PURCHASER) OR AUTHORIZED AGENT		
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 the statements in this 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 herein that fully disclose to the best of my knowledge and belief the true prices, values, quantities, reasons, discounts, fees, commissions, and royalties and are true and correct, and that all goods or services provided to the buyer of the merchandise either free of or 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
47. Broker/Filer Information (Name, address, phone number)		48. Broker/Importer File No. 6841
		DATE 10/13/2006

CBP Form 7501 (10/05)

How to increase imports under GSP from Sri Lanka

- **Ensure Customs forms are properly marked to avoid paying duties.**
- **Increase exports of GSP-eligible textile and apparel products.**
- **Export certified handicrafts and other artisanal items**
- **Identify Sri Lanka's exports to other countries that are GSP-eligible**
- **Cumulate within SAARC**

Ensure GSP-eligible products get GSP duty-free treatment

- **\$111.7m of GSP-eligible imports from Sri Lanka from YTD 2007 (Aug)**
- **89% of these imports entered duty-free**
- **Sri Lankan businesses and their U.S. importers could have saved an additional \$480,000 in duties assessed on \$12 million of Sri Lankan GSP-eligible exports (that were not claimed under GSP)**

Extra Duties Paid on...

- **\$2.75 million in rubber gaskets and seals (2.5% tariff = \$69,000 duties paid)**
- **\$2.6 million in plastic hangars (3% tariff = \$78,000 duties paid)**
- **\$1.2 million in national flags (7% tariff = \$82,000 duties paid)**

Low rate of GSP claims for:

- **Headbands & ponytail holders: 14.6% duty**
- **Gemstones and silver and imitation jewelry: 5%-11%**
- **Porcelain, china and ceramic products: 6%-9.8%**
- **National flags: 7%**
- **Women's silk blend dresses: 6.9%**
- **Exercise/sports equipment and apparel: 2.8%-5.5%**
- **Products of plastics: 3%-5.3%**
- **Fishing casts, line and hooks: 4.8%**
- **Activated carbon: 4.8%**
- **Optical and measuring instruments: 1.7-4.5%**
- **Products of rubber: 2.5%-4%**
- **Music boxes: 3.2%**
- **Parachutes: 3%**
- **Coconuts: 1%**

Untapped Textile and Apparel Opportunities under GSP

■ Jan-Sept 2007 imports:

- \$4.8m in hats, silk blend headbands, headgear, national flags, wall hangings, sports gloves**
- tariff savings: up to 14.6% but \$1.6m (33%) not claimed under GSP**

■ Untapped potential:

- Silk and silk blend: fabrics, shawls, women's and men's apparel, handkerchiefs, kitchen linen**
- Other: carpets, apparel and accessories of plastic**

Handmade, Folkloric Crafts and Home Decor

- **Use GSP certified handicraft arrangement (wall hangings, cushion covers)**
- **Other artisanal items that can enter duty-free (GSP or MFN)**
 - games, racket strings, and cotton hammocks
 - paintings, sculpture, and wall hangings
 - many types of carpets, kilims, tapestries and rugs
 - wooden furniture, statuettes, boxes, and picture frames
 - walking sticks
 - wind, string, and drum musical instruments

Export more of Sri Lanka's GSP-eligible exports to the U.S.

- **Marble**
- **Walnuts, mixtures of dried fruits and nuts, natural gums, dried lentils**
- **Candies and food preparations**
- **Fish, shrimp, crab, and other shellfish**
- **Jewelry of all types; cut gemstones**
- **Green tea and spices**
- **Electrical machinery & equipment**

Special provisions for regional associations

- **The South Asian Association for Regional Cooperation (SAARC) is recognized as a regional association under GSP**
- **Means that SAARC is considered as one country for purposes of the GSP rules of origin**
- **Articles produced in two or more eligible member countries of SAARC are given GSP duty-free treatment if the countries together meet the rules of origin (in terms of a non-SAARC member)**

Opportunity for Sri Lanka and LDCs in SAARC to work together

- **Cumulation of production can occur between Sri Lanka and a least-developed SAARC member to produce an item eligible for duty-free treatment only from least-developed GSP beneficiaries, as long as the article is imported directly by the United States from the least-developed beneficiary**
- **Least-developed SAARC beneficiaries under GSP: Afghanistan, Bangladesh, and Nepal**

(Note: the Maldives is not a GSP beneficiary so is not eligible for cumulation within SAARC)

For Additional Information

Office of the U.S. Trade Representative Website

- **GSP guidebook, GSP-eligible & ineligible products, notices**

http://www.ustr.gov/Trade_Development/Preference_Programs/GSP/Section_Index.html

Agricultural Export Requirements

- <http://www.fas.usda.gov/itp/ofsts/SPS.html>
- http://www.fsis.usda.gov/regulations_&_policies/port_of_entry_procedures/index.asp

USTR Website: 2007 GSP-Eligible Products

2007 GSP-Eligible Products

GSP Products in 2007 HTS including LDBDCs

GSP Eligible Textile and Apparel Products 2007

GSP Products in 2007-BDCs only

GFP Eligible Carpets 2007

Non-GSP-Eligible Products in 2007

Handicraft Items List 2007 (MFN Duty-Free, GSP-eligible and Dutiable)

GSP-Eligible Agriculture Products 2007

For Additional Information

U.S. Tariff Schedule

- <http://www.usitc.gov/tata/hts>

Department of Homeland Security: Customs & Border Protection

<http://www.customs.gov/xp/cgov/import/>

- **Customs Entry Form 7501:**
<https://forms.customs.gov/customsrf/getformharness.asp?formName=cf-7501-form.xft>
- <http://www.customs.treas.gov/xp/cgov/toolbox/publications/>

Sthuthi!

