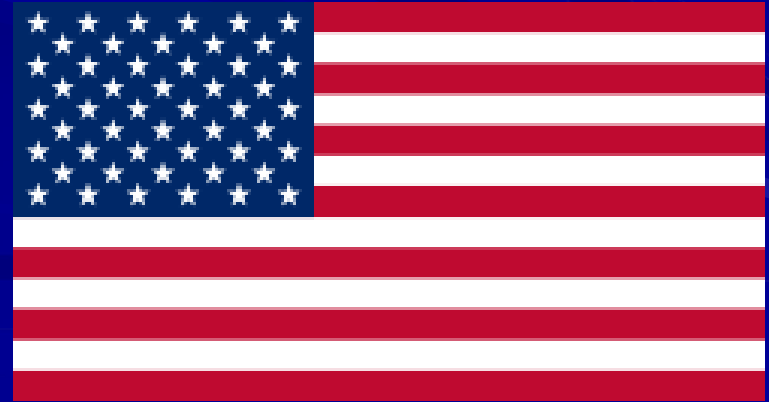


Expanding Georgia's Exports under the GSP Program

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Office of the U.S. Trade Representative
Executive Office of the President
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Summary of Presentation

- **History of Georgian exports to the U.S. under the Generalized System of Preferences (GSP) Program**
- **Details on how to use GSP**
- **How to increase Georgia's exports under GSP**

U.S. and Georgia Trade

- In 2006, U.S. was the destination for just 7% of Georgia's exports to the world (\$118 million)
- In 2007, exports from Georgia to the U.S. increased to \$200 million, but was still a small percentage of Georgia's total exports to the world.
- U.S. seeks to become a destination for more Georgian exports.
- Effective way to do so: increase Georgia's use of GSP duty-free export opportunities.

GSP Program

- **GSP provides enhanced access into the U.S. market for 3,400 types of products from 132 countries**
- **GSP is a major program: \$30.8 billion in imported goods (2007)**
- **GSP gives eligible imports an advantage in U.S. market – they enter duty-free**

U.S. Imports from Georgia under GSP and overall

- Georgia became a GSP beneficiary in 2001
- 2006: \$116 million in total U.S. imports from Georgia
 - \$34.5 million under GSP (30% of all imports)
 - \$1.3 million in duties saved (average: 3.7%)
- 2007: \$188 million in total U.S. imports from Georgia
 - \$68.3 million under GSP (36%) – GSP use nearly doubled!
 - \$2.6 million in duties saved (average: 3.8%)

U.S. Imports from Georgia under GSP and overall

- **January through July 2008: \$166 million (up 154% over same period last year)**
 - \$99 million in U.S. imports from Georgia under GSP (up 410%)
 - Imports under GSP from Georgia are 60% of all imports
- **U.S. imports under GSP (January through July 2008) from Georgia have included just 17 of 3,400 eligible product types.**

Composition of Exports under GSP (2007): Not Diverse

- **Base metals: \$66.4 million (97%)**
- **Agriculture: \$1.9 million (3%)**
- **Chemicals, plastics and paper: \$58,512**
- **Jewelry and glassware: \$26,730**
- **Machinery, electronics and transportation: \$16,412**

Top U.S. Imports from Georgia to U.S. under GSP in 2008 (thru July)

- Ferrosilicon manganese: \$79.5 million; saving \$3.1 million in duties @ 3.9%
- Ferromanganese: \$18.3m; saving \$255,794 in duties @ 1.4%
- Juice of a single fruit: \$624,279; saving \$2,256 in duties @ 0.5 cents per liter
- Mineral waters: \$498,224; saving \$2,489 in duties @ .26 cts/liter
- Certain sauces & preparations: \$98,698; \$6,316 in duties saved @ 6.4%
- Cucumbers including gherkins: \$31,104; \$2,986 in duties saved @ 9.6%

Top U.S. Imports from Georgia to U.S. under GSP in 2008 (thru July)

- **Certain prepared or preserved vegetables: \$23,380; \$2,244 in duties saved @ 9.6%**
- **Nonalcoholic beverages not containing fruit or vegetables: \$22,419; \$10.52 in duties saved @.2 cts/l**
- **Mixed condiments or seasonings: \$17,908; \$1,146 in duties saved @ 6.4%**
- **Wood doors other than French doors: \$12,000; \$576 in duties saved @ 4.8%**
- **Unfrozen vegetables and mixes of vegetables: \$9,172; \$1,027 in duties saved @11.2%**
- **Cherry jam: \$6,600; \$\$237 saved @4.5%**

New U.S. Imports from Georgia **under GSP in 2008 YTD**

Agricultural items:

- Cucumbers, incl. gherkins (9.6% duty)**
- Mixed condiments & seasonings (6.4%)**
- Certain food preparations (6.4% duty)**
- Cherry jam (4.5% duty)**

New U.S. Imports from Georgia **under GSP in 2008 YTD**

Manufactured and industrial items:

- **Wood doors (4.8% duty)**
- **Electric heaters (2.7% duty)**
- **Certain ferromanganese (1.4% duty)**

U.S. Imports from Georgia under GSP in 2008 YTD

U.S. imports that have increased since 2006:

- **Prepared or preserved vegetables (9.6% duty)**
- **Sauces (6.4%)**
- **Juice of a single fruit (1.4% duty)**
- **Certain mineral waters (.26 cts/liter)**

U.S. Imports from Georgia under GSP in 2008 YTD

Agricultural products not imported consistently from 2006 thru 2008:

- **Certain vegetable mixtures (11.2% duty)**
- **Mixed condiments & seasonings (6.4%)**
- **Fruit jellies (3.2% duty)**
- **Ginseng (1% duty)**

U.S. Imports from Georgia under GSP in 2008 YTD

Manufactured products not imported consistently from 2006 thru 2008:

- Grand pianos (4.7% duty)
- Travertine building stone (3.7% duty)
- Engine ignition equipment (2.5% duty)
- Measuring instruments (1.7% duty)
- Air conditioner parts (1.4% duty)

U.S. Imports from Georgia under GSP in 2008 YTD

Other items not imported consistently
from 2006 thru 2008:

- Ion-exchangers (3.9% duty)
- Inorganic oxygen compounds (3.7%)
- Nickel (3% duty)
- Certain ferromanganese (1.4% duty)

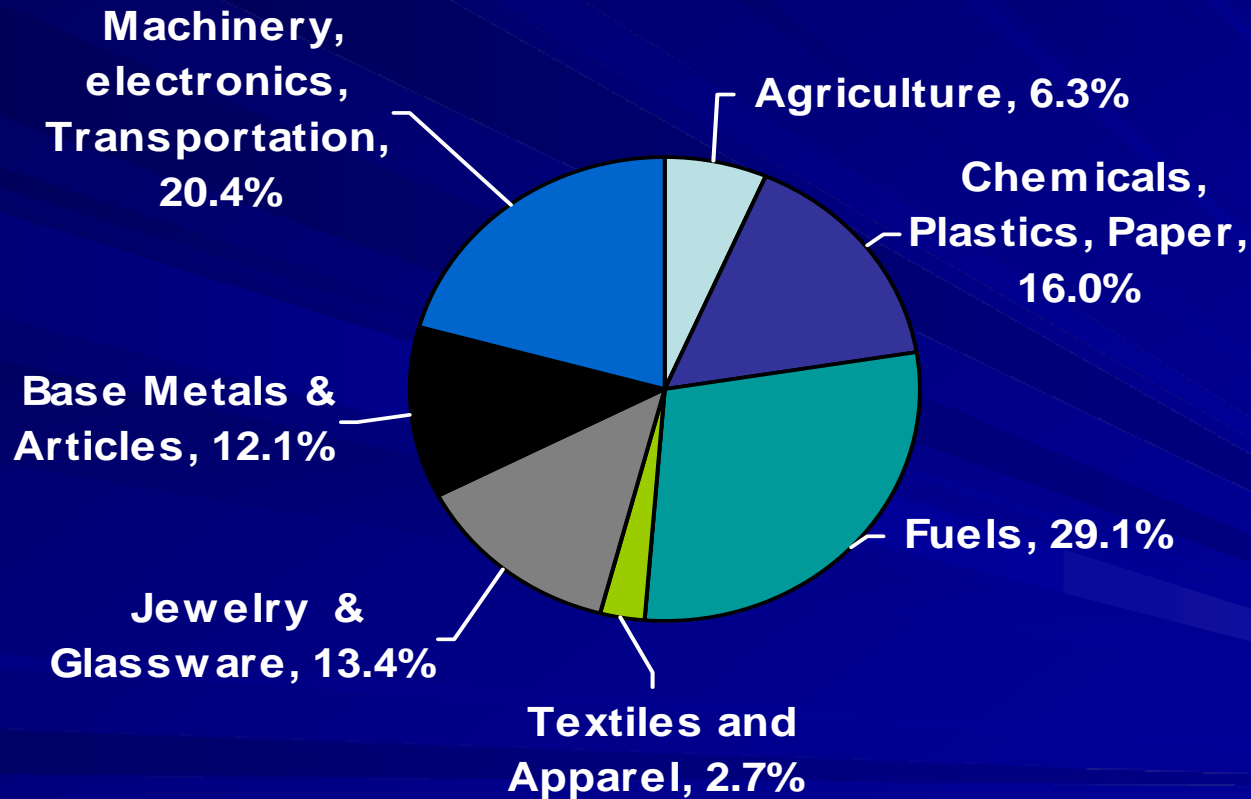
Which Products are Eligible for Duty-Free GSP Treatment?

- **Eligible**: manufactured items and inputs, jewelry, skins, many carpets, certain agricultural products, chemicals, marble, and minerals
- **Not eligible**: most textiles, apparel, leather goods, and footwear



Photo by Ute Mueller
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Types of U.S. imports that received GSP duty-free treatment in 2007



How can Georgia's Exports Qualify for Duty-free Treatment under GSP?

Four requirements:

- 1. Product included in list of GSP-eligible articles**
- 2. Exported directly to U.S. or - if pass through another country - under a "through bill of lading" to U.S.**
- 3. Product of Georgia, or if it uses imported input, local content & processing must equal 35% of product price**
- 4. Importer must request duty-free treatment for item by writing an "A" before tariff number on U.S. Customs Entry Form**

Is my product eligible for duty-free treatment under GSP?

■ The easiest way is to go to:

http://dataweb.usitc.gov/scripts/tariff_current.asp

■ Fill in the blank with:

- Any part of a product description. For example, “jam” OR
- The tariff number (four, six, or eight numbers). For example, 2007, 200799, or 20079925

■ Then click on “List Items”

Claiming GSP Duty-Free Treatment

- WHO: U.S. importer must file the claim for duty-free treatment under GSP for each shipment
- HOW: U.S. importer writes an “A” before the tariff number on U.S. Customs Entry Form 7501
- If importer forgets and does not mark an “A”: can apply to U.S. Customs for refund

Job of the exporter?

- Remind the U.S. importer that your product is eligible for duty-free entry under GSP and to mark “A” on U.S. Customs Entry Form
- Keep good records (costs of production; where produced; if using imported components – where are they from and their cost)

Make sure importer marks an "A" in front of the tariff number on the form!

05-1-1-2007 10:59am From Trade Uplance 002441206 1187 > 003/002 F-008

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

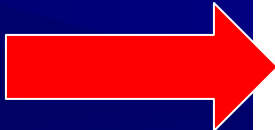
1. Entry Code/Entry No. RWC 000		2. Entry Type 01 ABL/A		3. Summary Date 10/04/2006	
4. Surety No.		5. Bond Type 2		6. Port Code 2704	
7. Entry Date 03/24/2006		8. Country of Origin TR		9. Entry Date 09/24/2006	
10. Expiring Country TR		11. Entry Date 03/30/2006		12. U.S. Port of Unloading 2704	
13. Foreign Port of Loading 55735		14. Importer No.		15. Reference No.	
16. Importing Carrier		17. Mode of Transport 11		18. Manufacturer ID	
19. Manufacturer ID		20. U.S. Port of Unloading		21. Reference No.	
22. Location of Goods/IGD No.		23. Consignee No.		24. Reference No.	
25. Ultimate Consignee Name and Address		26. Importer of Record Name and Address		27. Reference No.	
28. Description of Merchandise		29. HTSUS Rate		30. Duty Rate	
31. A. HTSUS No.		32. A. HTSUS Rate		33. Duty Rate	
32. B. AD/CVD Case No.		33. B. AD/CVD Rate		34. Duty Rate	
33. C. Gross Weight		34. C. IRC Rate		35. Duty Rate	
34. D. Manifest Qty.		35. D. Value No.		36. Duty Rate	
35. E. Net Quantity in HTSUS Units		36. Relationship		37. Duty Rate	
36. A. HTSUS No.		37. A. HTSUS Rate		38. Duty Rate	
37. B. AD/CVD Case No.		38. B. AD/CVD Rate		39. Duty Rate	
38. C. Gross Weight		39. C. IRC Rate		40. Duty Rate	
39. D. Manifest Qty.		40. D. Value No.		41. Duty Rate	
40. E. Net Quantity in HTSUS Units		41. Relationship		42. Duty Rate	

INVOICE 00001
DISPOSABLE SHAMLES RUBBER GL
4015.19.1010 16940 112500 DPR
HARBOR MAINTENANCE FEE
MERCHANDISE PROCESSING FEE

NOT RELATED
51840 FREE 0.00
C3959 0.125% 64.00
0.21% 108.86
AS ENTERED

36. Total Entered Value 51,840.00		CBP USE ONLY		TOTALS	
37. Total Other Fees 173.66		A. Duty Code 557		37. Duty 173.66	
38. Declaration of Importer of Record (Owner or Purchaser) or Authorized Agent		B. Assessed Duty		38. Tax 173.66	
I declare that I am the <input type="checkbox"/> Importer of Record and that the declarant, 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 was obtained pursuant to a purchase or agreement to purchase and that the person and firm in this invoice are true. OR <input type="checkbox"/> was not obtained pursuant to a purchase or agreement to purchase and the statements in this invoice are to the best of my knowledge and belief. I also declare that the statements in this document have been fully disclosed to the use of my knowledge and belief of the true prices, values, quantities, rates, discounts, fees, commissions, and royalties and are true and correct, and goods or services provided to the merit of the merchandise either free or at reduced cost are fully disclosed. I will immediately furnish to the appropriate CBP office any information showing a different status of this merchandise.		C. Assessed Tax		39. Other 173.66	
41. Declarant Name		D. Assessed Other		40. Total 173.66	
42. Declarant Title		E. Assessed Total		41. Total 173.66	
43. Declarant Address		42. Assessed Total		42. Total 173.66	
44. Declarant Phone Number		43. Assessed Total		43. Total 173.66	
45. Declarant File No.		44. Assessed Total		44. Total 173.66	

CBP Form 301 (04/05)



Expanding Use of GSP Benefits

- 1. Ensure products get GSP duty-free treatment when eligible**
- 2. Increase exports of high-tariff GSP-eligible products**
- 3. Improve consistency of shipping exports**
- 4. Increase exports of each item**
- 5. Identify exports to other countries that would get GSP if exported to the U.S.**
- 6. Export handicrafts and home décor items**

Ensure products get GSP duty-free treatment when eligible

■ 2007

- \$3 million of \$71.3 million of GSP-eligible products did not enter the U.S. duty-free

■ 2008 (Jan-July)

- \$714,762 of \$99.8 million of GSP-eligible products did not enter the U.S. duty-free (*important improvement, but...*)

Claim the Savings !

From 2006 through July 2008:

- **129 types of GSP-eligible exports to the U.S. did not enter duty-free under GSP but likely should have (2006-2008)!**
- **And, although some shipments of products were claimed under GSP, other shipments of the same products were not - so were charged duties.**

Products that importers did not claim under GSP so paid duties

- \$2.5 million in ferrosilicon manganese (3.9% duty cost \$97,500)
- \$147,250 in vehicle engine parts (2.5% duty cost \$3,681)
- \$98,290 in desks and cabinets wired with electronic controls (2.7% duty cost \$2,654)
- \$86,267 in iron or steel wire items (3.9% duty cost \$3,364)

Products that importers did not claim under GSP so paid duties

High-tariff items that were not claimed:

- Acrylic polymers & polyamides (6.5%)
- Antioxidizing preparations for rubber or plastics (6.5%)
- Conveyor belts (6.4%)
- Glass tubes (6.4%)
- Non-adhesive plates, etc. (6%)
- Glass frit & other ground glass (6%)

Other GSP Export Strategies

Increase current claimed exports of high-tariff GSP-eligible items, such as food and beverage products (up to 11.2%)

- Unfrozen vegetables (11.2%)
- Cucumbers including gherkins (9.6%)
- Prepared or preserved vegetables (9.6%)

Export items every year!

Of the 146 types of GSP-eligible products Georgia exported to the U.S. (2006 to July 2008):

- Only 19 products were exported to the United States every year
- Is a lost opportunity to maintain and build presence in U.S. market

Increase exports of each item

- In 2007, apart from ferrosilicon manganese and ferromanganese:
 - The three highest exports were mineral water (\$900k), fruit juice (\$624k) and other water (\$177k).
 - Of the remaining 62 GSP-eligible exports, the average export amount in 2007 was \$18,100.

Other GSP Export Strategies

Identify GSP-eligible or otherwise duty-free products that Georgia ships to other markets, for example:

- Mixed alkylbenzenes & alkylnaphthalenes (6.5%)
- Aluminum foils (5.8%)
- Hydraulic presses for working metal (4.4%)
- Tool holders & dieheads for machines (3.9%)
- Fluorides (3.9%)
- Automatic circuit breakers (2.7%)

Export Home Décor & Artisanal Items Duty-Free: Growing U.S. Demand

- Carpets, kilims, and rugs
- Wood statues, boxes, and other items
- Ceramic ware
- Wooden tableware and kitchenware
- Musical instruments



Export Handicrafts

Under a certified textile handicraft agreement between Georgia and the U.S.:

- **Artisans could export duty-free...**
 - hand-loomed fabrics
 - additional hand-loomed and folklore wall hangings and pillow covers
- **...when Georgian government certifies them as hand-made.**

Georgia-Specific Contacts

- 1. U.S. Embassy in Tbilisi:**
 - <http://georgia.usembassy.gov/index.html>
 - (995 32) 27-70-00
- 2. For exporting agricultural products, contact:**
craig.t.fedchock@aphis.usda.gov
- 3. For U.S. companies interested in investing in Georgia:**
Tbilisicommercial@state.gov

For Additional Information

Office of the U.S. Trade Representative

- GSP guidebook, lists of GSP-eligible and ineligible products, handicraft information:
 - http://www.ustr.gov/Trade_Development/Preference_Programs/GSP/Section_Index.html

U.S. Tariff Schedule

- <http://www.usitc.gov/tata/hts> or
- http://dataweb.usitc.gov/scripts/tariff_current.asp

For Additional Information

- **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/>**

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