

Expanding Algeria's Exports under the GSP Program



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Executive Office of the President
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Summary of Presentation

- **U.S. imports from Algeria through the U.S. Generalized System of Preferences (GSP) Program**
- **Using the U.S. GSP program**
- **Increasing Algeria's exports under GSP**

GSP Program

- **Algeria became a GSP beneficiary on March 19, 2004**
- **GSP provides duty-free treatment to 3,400 types of exports from Algeria**
- **Gives Algerian exports an advantage in U.S. market – lower cost to U.S. importers**
- **GSP is a major source of U.S. imports: \$30.8 billion in 2007**

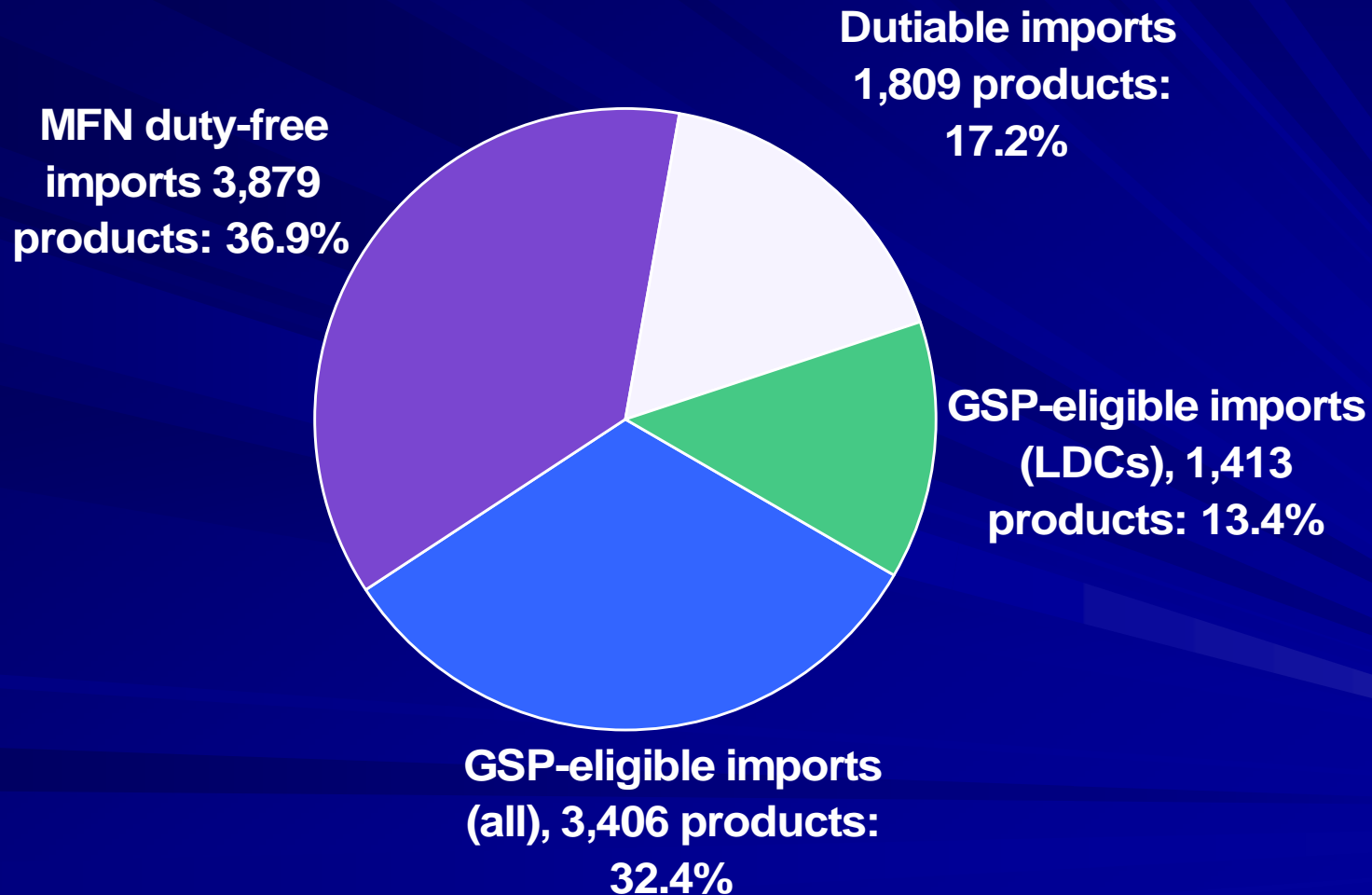
U.S. Imports from Algeria Under GSP

- **2005: \$331,265**
- **2006: \$254,931**
- **2007: \$259,106**
 - **\$4,403 in duties saved**
 - **diversity of U.S. imports limited → just 19 types of products entered U.S. under GSP**
- **2008: \$0 (Jan 2007: \$30,000 in dates)**

Neighbors' benefits from GSP

- Yemen (97.4% of exports to U.S.)
- Lebanon (47%)
- West Bank (38%)
- Tunisia (25%)
- Turkey (24%)
- Egypt (2.6%)
- ***Algeria (<0.1 percent): most exports are petroleum-based or chemicals***

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



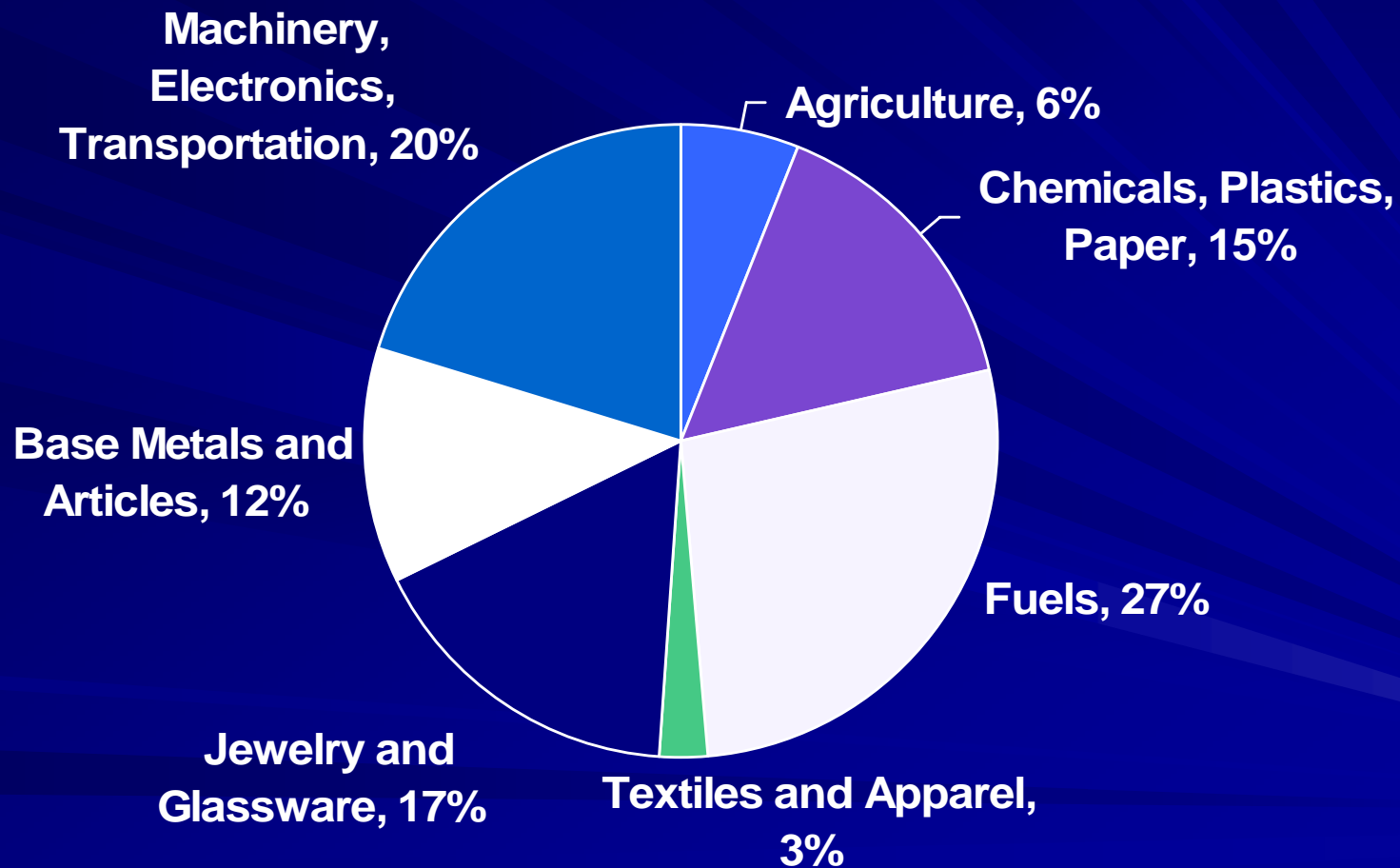
Top U.S. Imports from Algeria Under GSP in 2006 & 2007

- **Whole dates without pits: \$154,000 (3.4–5 cents/kg duty saved)**
- **Virgin olive oil: \$58,882 (3.4 cents/kg saved)**
- **Whole dates with pits: \$58,528 (1cent/kg duty saved)**
- **Couscous: \$45,670 (6.4% duty saved)**
- **Silver jewelry: \$43,856 (5% duty saved)**
- **Capers: \$37,716 (8% duty saved)**
- **Ceramics: \$3,453 (6% duty saved)**
- **Silk dresses: \$2,675 (6.9% duty saved)**
- **Taps, cocks, and valves for pipes: \$2,244 (2% duty saved)**

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 and leather goods, footwear, home décor textiles

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



How to Qualify for Duty-free Treatment under GSP

- (1) Product included in list of GSP-eligible articles***
- (2) Exported directly to U.S. or pass through another country under a “through bill of lading” to the U.S.**
- (3) Growth or product of Algeria, or if imported input, local content & processing equal 35% of product value**
- (4) Importer must request duty-free treatment for item by writing an “A” on the U.S. Customs Entry Form (tariff refunds can be requested)**

- * A GSP-eligible from all countries**
- A+ GSP-eligible from least-developed countries**
- A* a country other than Algeria not eligible**

How to qualify for duty-free treatment under GSP

(1) Product must be included in U.S. tariff list of GSP-eligible articles: Free (A...) or Free (A+...) in last column on right

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 Algeria to the United States or pass through another country on a “through bill of lading” with a U.S. destination.

35% Value-added Rule

- **Cost of local inputs and labor must equal 35% of product's FOB price**
- **If imported item, it must be “substantially transformed” in Algeria and then used in product production**
- **“Substantially transformed” means 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**
- **Care must be taken during each step:**
 - **Production – Packing – Shipping (fresh products)**
 - **Production - Processing – Packaging – Packing – Shipping (processed products)**

Producer required to keep 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

- **U.S. importer must REQUEST duty-free treatment for the item**
- **Is NOT automatic**
- **Importer writes an “A” before tariff number on Customs entry form 7501**
- **If importer makes a mistake and does not request GSP: can apply to U.S. Customs for refund (file a “Post-Entry Amendment” to U.S. Customs within 294 days)**

Make sure importer marks an "A" before the tariff number on the form!

16-1.1-2006 10:59am From: Trade Udp Finance 2023441206 1 187 003/002 F-356

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

1. HIC Code/Entry No. BWC 000		12. Entry Type 01 ABI/A		3. Summary Date 10/04/2006	
4. Surety No.		6. Bond Type 8		7. Entry Date 09/24/2006	
8. Port Code 2704		10. Country of Origin TR		11. In-Port Date 09/24/2006	
13. Manufacturer ID		14. Exporting Country TR		16. Date of Entry 10/30/2006	
15. I.T. No.		17. I.T. Date		18. Foreign Port of Loading 55735	
19. U.S. Port of Unloading 2704		21. Importer No.		24. Reference No.	
22. Location of Goods/B.O. No.		23. Consignee No.		25. Ultimate Consignee Name and Address	
26. Consignee No.		27. Consignee No.		28. Importer of Record Name and Address	
29. City		30. State		31. Zip	
32. City		33. State		34. Zip	

Line No.	27. A. HTSUS No. B. AD/CVD Case No.	28. Description of Merchandise	29. A. Gross Weight D. Manifest Qty.	30. Net Quantity in HTSUS Units	31. A. Entered Value B. CHFS C. Relationship	32. A. HTSUS Rate B. AD/CVD Rate C. IRC Rate D. Misc Fee		33. Duty BR Duty	34. R.R. Tax Cents
						35. 0.125%	36. 0.21%		
1001	8465000914	DISPOSED SAMPLE RUBBER GL HARBOR MAINTENANCE FEE MERCHANDISE PROCESSING FEE	16940	112500	51840 03959	FREE	0.125% 0.21%	0.00	64.00 108.86
Other Fee Summary for Block 39 39. Total Entered Value: \$ 51,840.00 Total Other Fees: \$ 173.66						CBP USE ONLY A. US CODE: 857 B. Ascertained Duty: 37.00 C. Ascertained Tax: 33.00 D. Ascertained Other: 173.66 E. Ascertained Total: 173.66		TOTALS 37.00 33.00 173.66 173.66	

36. DECLARATION OF IMPORTER OF RECORD (OWNER OR PURCHASER) OR AUTHORIZED AGENT
 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 the statements in this form are true and correct to the best of my knowledge and belief. I also declare that the statements in this declaration have not fully disclosed to me all of my knowledge and belief of the true nature, value, quantity, weight, description, use, country of origin, and any other information that is required to be disclosed to the CBP officer. I will immediately furnish to the appropriate CBP officer any information showing a different status or use of the merchandise.

41. DECLARANT NAME: TITLE: DATE: 10/11/2006

47. Broker/Carrier Information (Name, address, phone number): 48. Broker/Carrier File No.: 6841

CBP Form 501 (04/05)

Expand Use of GSP Benefits

- 1. Ensure products get GSP duty-free treatment when eligible (33% not claimed in 2007)**
- 2. Increase exports of current GSP-eligible products**
- 3. Identify exports to other countries that would get GSP if exported to U.S.**
- 4. Export handicrafts and home décor items**
- 5. Use the internet to tell your story and find buyers for consumer goods**

Claim the GSP Savings!

- U.S. imported \$385,383 of GSP-eligible goods in 2007
- But – U.S. importers did not claim \$126,277 of the import under GSP in 2007
- U.S. importers paid duties unnecessarily in 2007 as high as 5%

Claim the GSP Savings

- **U.S. importers did not claim these exports under GSP (2006-2007):**
 - **\$33,648 in whole dates with pits (1 cent/kg)**
 - **\$28,748 in measuring equipment (1.7%)**
 - **\$20,656 in waters (0.2 cent/liter)**
 - **\$11,704 in sunglasses (2%)**
 - **\$7,948 in insulated ignition wiring sets (5%)**

Claim the GSP Savings

More items not claimed under GSP:

- \$4,950 in non-virgin olive oil (3.4 cents/kg)**
- \$2,451 in rubber gaskets, washers, and seals (2.5%)**
- \$575 in radial tires (4%)**
- \$336 in plastic gaskets, washers, and seals (3.5%)**

Identify GSP-eligible Items that Algeria exports to other markets

- **natural cork items (14% duty saved!)**
- **car, bus and truck tires (2.5%)**
- **cameos and cut, but not set, coral (2.1%)**
- **rare gases, other than argon (3.7 %)**
- **methanol (5.5%)**
- **many chemicals and oil derivatives (7% and more!)**
- **artisanal products, such as jewelry, home items**

Marketing consumer items

- Look at U.S. design trends (online catalogs). U.S. consumers want items that are:
 - “natural”
 - “sustainable”
- Attach a story about you, your product, your company, or your community
- Make a short video and post it on YouTube or elsewhere on the internet

Export jewelry and home décor items duty-free: strong U.S. demand

- **Jewelry: gold and silver (5-11% saved)**
- **Wood statues, boxes, and tableware (3.2 - 10.9%)**
- **Leather belts and bandoliers (2.7%)**
- **Carpets and rugs (6%)**
- **Ceramic houseware articles (6 - 9.8%)**
- **Woven baskets and bags (6.6%)**
- **Woven wall hangings and pictures (DF)**

Export Handicrafts

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

- **Artisans can export duty-free...**
 - hand-loomed fabrics
 - hand-loomed and folklore wall hangings and pillow covers
- **...when the Algerian government certifies them as hand-made.**

Letter was given to Algeria in August 2007 in response to interest from the Algerian government.

Questions?

Office of the U.S. Trade Representative

GSP guidebook, lists of GSP-eligible and ineligible products, notices:

- http://www.ustr.gov/Trade_Development/Preference_Programs/GSP/Section_Index.html
- Info in Arabic and French!

U.S. Tariff Schedule

- <http://www.usitc.gov/tata/hts>
- http://dataweb.usitc.gov/scripts/gsp/gsp_tariff.asp

For Additional Information

- **U.S. Embassy (Algiers):**
ContactAlgiersEconco@state.gov
- **Foreign Agricultural Service (Algiers)**
Michael Fay: michaelfay@state.gov
- **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/>**

Shukran! Merci!

