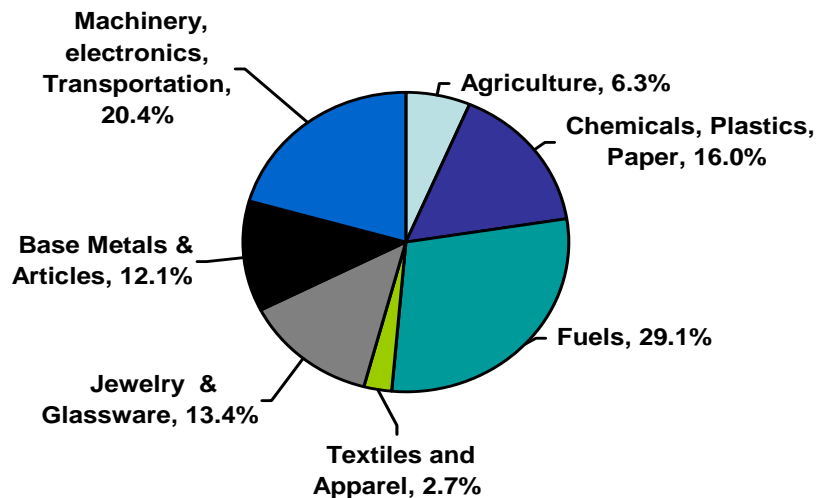


Macedonia and the U.S. Generalized System of Preferences (GSP) Program
How to Use GSP Duty-Free Benefits to Increase Macedonia's Exports
August 2008

What is GSP?

The U.S. GSP program provides significant opportunities for Macedonia to increase its exports to the United States. GSP provides duty-free treatment for about 3,400 types of exports from Macedonia 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 2007.



Macedonia's Use of GSP (see accompanying chart for product specifics)

- Macedonia's use of GSP grew the most between 2006 and 2007 of all GSP beneficiary countries (446 percent increase).
- U.S. imports under GSP from Macedonia were about \$41 million. The average duty saved was 4.1 percent, resulting in these imports under GSP saving \$1.68 million in duties for U.S. importers.
- For the first six months of 2008, U.S. imports from Macedonia under GSP totaled \$21.6 million, a 254 percent increase over the same period in 2007.
- U.S. imports under GSP from Macedonia comprised 56.1 percent of all U.S. imports from the country during the first six months of 2008, and were 56.4 percent of all U.S. imports in 2007.
- Macedonia was the 28th highest user of GSP benefits among all 132 beneficiary countries YTD 2008.

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

16-J-1-2006 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. Har Code/Entry No	2. Entry Type	3. Summary Date
				AWC 000	01 ABI/A	10/04/2006
				4. Surety No.	5. Bond Type	6. Port Code
					8	2704
				7. Country of Origin	8. Exporting Country	7. Entry Date
				TR	TR	03/24/2006
8. Importing Carrier	9. Mode of Transport	10. Country of Origin	11. Import Date			
	12	TR	09/26/2006			
12. Bill of Lading No.	13. Manufacturer ID	14. Exporting Country	16. Document Date			
		TR	03/30/2006			
16. I.T. No.	17. I.T. Date	15. Missing Docs	18. Foreign Port of Loading	20. U.S. Port of Loading		
			55735	2704		
21. Location of Goods/G.D. No.	22. Consignee No.	23. Importer No.	24. Reference No.			
	SAME					
25. Ultimate Consignee Name and address				28. Importer of Record Name and address		
City State IN Zip				City State IN Zip		
27.	28. Description of Merchandise			33.		34.
Line No.	A. HTSUS No.	A. Gross Weight	Net Quantity in HTSUS Units	A. Entered Value	A. HTSUS Rate	Duty Rate
	B. ADICVD Crsg No.	D. Manifest Qty.		B. CHGS	B. ADICVD Rate	Excise
				C. Relationship	C. IRC Rate	
					D. Visa No.	
	M W465000914	11 E03CER1369LY		NOT RELATED	2700 CABS	
	INVOICE 00001					
	DISPOSED SHAMLES RUBBER GL			51840	FREE	0.00
	A 4015.19.1010	16940	112500 DPR	03959		
	HARBOR MAINTENANCE FEE				0.125%	64.00
	MERCHANDISE PROCESSING FEE				0.21%	108.86
				AS ENTERED		
Other Fee Summary for Book 39				35. Total Entered Value		TOTALS
Duty 487 LOC 86				\$ 51,840.00		
Excise 507 64.86				Total Other Fees \$ 173.66		
36. DECLARATION OF IMPORTER OF RECORD (OWNER OR PURCHASER) OR AUTHORIZED AGENT				REASON CODE		
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 the documents 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 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.				<i>As per supplier</i>		
41. DECLARANT NAME				43. Broker/Importer File No.		
				6841		
42. Broker/Importer Information (Name, address, phone number)				DATE		
				10/12/2006		

CBP Form 7501 (04/05)