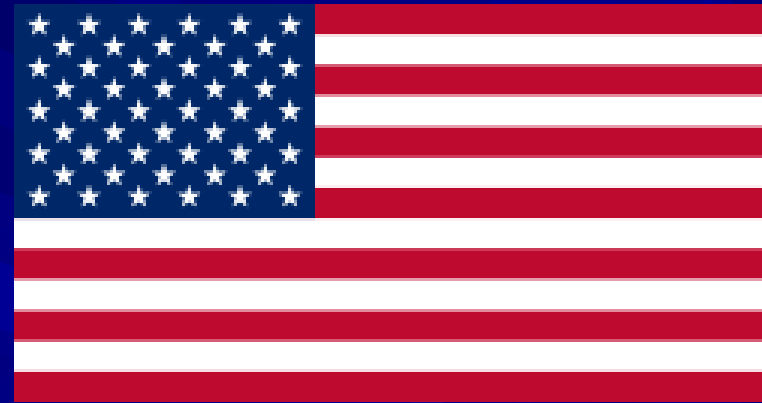


Expanding Tunisia's Exports under the GSP Program



**Office of the U.S. Trade Representative
Executive Office of the President
March 2008**

Summary of Presentation

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

GSP Program

- Provides duty-free treatment to 3,400 types of exports from Tunisia
- Gives Tunisian exports an advantage in U.S. market – not charged tariffs so cost less to U.S. importers
- Major U.S. import program: \$30.8 billion in 2007

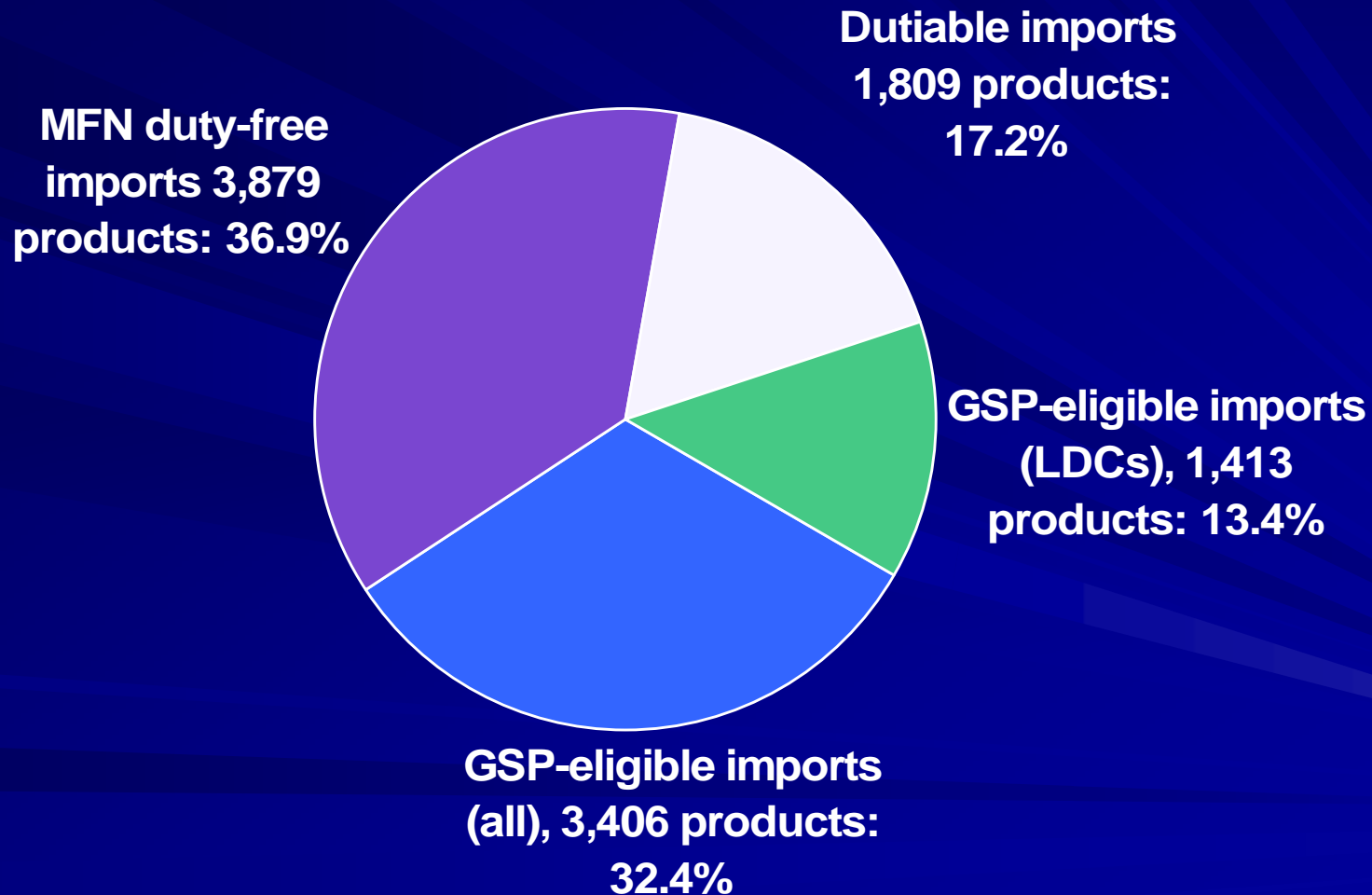
U.S. Imports from Tunisia Under GSP

- **2006: \$114 million (26.6% of total U.S. imports from Tunisia)**
- **2007: \$110 million (24.5% of total U.S. imports from Tunisia)**
 - **17th largest user of GSP (but ↓ 3.4%)**
 - **\$3 million in duties saved**
 - **diverse imports → over 230 types of entered U.S. under GSP**

Neighbors' benefits from GSP

- Yemen (97.4 percent of exports to U.S. entered under GSP)
- Lebanon (47 percent)
- West Bank (38.2 percent)
- ***Tunisia (24.5 percent)***
- Turkey (24.4 percent)
- Egypt (2.6 percent)
- Algeria (<0.1 percent)

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



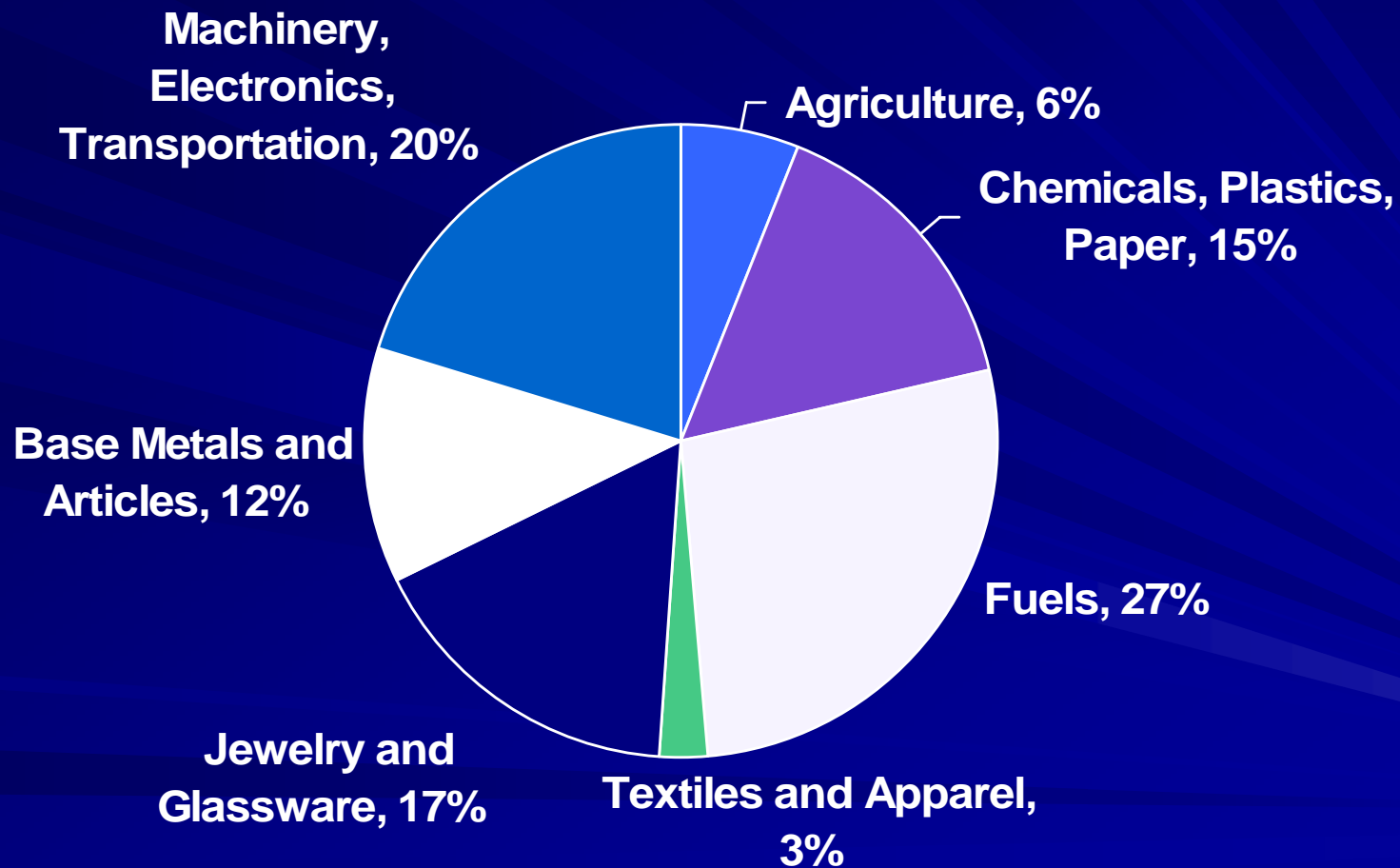
Top U.S. Imports from Tunisia Under GSP in 2007

- **Virgin olive oil: \$47.6 million (3.4–5 cents/kg duty saved)**
- **Gold jewelry: \$ 34.3 million (5.5 – 5.8%)**
- **Other olive oil: \$17.2 million (3.4–5 cts/kg duty)**
- **Edible oils: \$3.2m (3.4 cts/kg duty)**
- **Building stones and marble: \$1.6 million (2.5-4.9%)**
- **National flags: \$1 million (7%)**
- **Dates: \$730,000 (1 - 2.8 cts/kg)**

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 Tunisia, 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 Tunisia 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 Tunisia 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 Tunisia 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 A. Gross Weight D. Manifest Qty.	29. Net Quantity in HTSUS Units C. Relationship	30. A. Entered Value B. CHFS C. Relationship	31. A. HTSUS Rate B. AD/CVD Rate C. IRC Rate D. Misc Fee	32. Duty	33. IR Tax
1001	8465000914	DISPOSED SAMPLE RUBBER GL 16940 112500 DPR	NOT RELATED	51640 03959	FREE 0.125% 0.21%	0.00	64.80 108.86
HARBOR MAINTENANCE FEE MERCHANDISE PROCESSING FEE				AS ENTERED			

Other Fee Summary for Block 39 39. Total Entered Value \$ 51,640.00	40. CBP USE ONLY A. US CODE 857 REASON CODE	41. TOTALS B. Ascertained Duty C. Ascertained Tax D. Ascertained Other E. Ascertained Total
Total Other Fees \$ 173.66	42. 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 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 the facts and circumstances that would affect the classification, valuation, quantity, or other duties or taxes payable on the merchandise.	43. Importer of Record File No. 6841
44. Declarant Name TITLE	45. Signature DATE 10/11/2006	46. CBP Form 501 (04/05)

RECORD

Expanding Use of GSP Benefits

- 1. Ensure products get GSP duty-free treatment when eligible (17.2% 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**

Claim the GSP Savings!

- U.S. imported \$133 million of GSP-eligible goods in 2007
- But – U.S. importers did not claim \$23 million of GSP-eligible goods under GSP in 2007
 - Larger amount than in 2005 (\$8.2 million)!
- U.S. importers paid duties unnecessarily in 2007 as high as 10.5%

Claim the GSP Savings: Jewelry Sector

- **U.S. importers did not claim these exports from Tunisia under GSP in 2007:**
 - **\$274,321 in gold jewelry (5.5% duty means \$15,087 in duties paid)**
 - **\$19,484 in silver jewelry (5% duty means \$974 in duties paid)**

Claim the GSP Savings: Textile and Apparel Sector

- **U.S. importers did not claim these exports from Tunisia under GSP in 2007:**
 - **\$1.1 million in leather belts and bandoliers (2.7% duty, \$29,700 in duties paid)**
 - **\$449,872 in rubber or plastic footwear parts (5.3% duty, \$23,843 in duties)**
 - **\$365,229 in national flags (7% duty, \$25,566 in duties)**
 - **\$87,823 in silk-blend dresses (duty of 6.9%, \$6,059 in duties paid)**

Claim the GSP Savings: Sports Sector

- **U.S. importers did not claim these exports from Tunisia under GSP in 2007:**
 - **\$1.2 million in snow-skis: (2.6% duty, \$30,000 in duties paid)**
 - **\$268,669 in sailboats (1.5% duty, \$4,030 duties paid)**
 - **\$147,488 in plastic clothing accessories (5% duty, \$7,374 duties paid)**
 - **\$26,143 in sports gloves (3% duty, \$784 duties)**
 - **\$14,503 in snow ski bindings and parts (2.8% duty, \$406 in duties paid)**

Claim the GSP Savings: Electrical Sector

- **U.S. importers did not claim these exports from Tunisia under GSP in 2007:**
 - **\$6 million in portable electric lamps (not flashlights) - (3.5% duty \$ 211,674 in duties paid)**
 - **\$2.1 million in electrical circuit switches (2.7% duty, \$ 57,000 in duties paid)**
 - **\$1.4 million in circuit breakers (2.7% duty, \$38,500 in duties paid)**

Claim the GSP Savings: Transportation Sector

- **U.S. importers did not claim these exports from Tunisia under GSP in 2007:**
 - **\$2.6 million in engine parts (2.5% duty, \$64,00 in duties paid)**
 - **\$380,000 in insulated wiring sets (5% duty, \$19,000 in duties paid)**
 - **\$334,421 in distributors and ignition coil (2.5% duty, \$8360 duties paid)**

Identify other GSP-eligible Items that Tunisia exports to other markets

Transportation

- **Steering wheels and columns (2.5%)**
- **Safety seat belts (2.5%)**
- **Oil or fuel filters (2.5%)**
- **Lead-acid batteries (3.5%)**
- **Electrical lights/windshield wiper (2.5%)**
- **Engines greater than 1000 cc (2.5%)**

Identify other GSP-eligible Items that Tunisia exports to other markets

Electrical Items

- **Electrical Motors (6.7%)**
- **Thermostats (1.7%)**
- **Lampholders for less than 1000v (2.7%)**

Identify other GSP-eligible Items that Tunisia exports to other markets

Manufacturing Inputs

- Iron or steel leaf springs (3.2%)
- Flexible tubing (3.8%)
- Pipe with textile mat and fittings (2.5%)
- Polymer planks and sheets (4.2%)

Identify other GSP-eligible items that Tunisia exports to other markets

Food and Agriculture

- Fish with bones fresh or chilled (3%)
- Natural juices (0.2-0.5 cts/kg)
- Vegetable fats and oils (3.2%)
- Tomato paste (11.6%)
- Fresh watermelons (9%)

Identify other GSP-eligible Items that Tunisia exports to other markets

Other

- Footwear uppers (11.2%)
- Sodium triphosphate (1.4%)
- Plastic buckets and other sanitary ware (6.3%)
- Bicycle frames and forks (3.9%)
- Pre-fabricated buildings (2.6%)
- Non-metal watchbands (1.8%)

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

- Jewelry: gold and silver (5-11% saved)
- Wood statues, boxes, and tableware (not claimed) (3.2-10.9%)
- Leather belts and bandoliers (\$1 million not claimed under GSP at 2.7% duty)
- Carpets and rugs (6% saved)
- Ceramic houseware & toilet articles (6-9.8%)
- Baskets and bags of bamboo (6.6%)
- Silk blend dresses, shawls, scarves (1-6.9%)
- Semi-precious stone articles (10.5% - none claimed in 2007)

Marketing Hints

- Look at U.S. design trends
 - “green”
 - “natural”
 - “sustainable”
- Attach a story about you, your company, or your product
- Make a short video and post it on YouTube or elsewhere on the internet

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>

For Additional Information

- **Foreign Agricultural Service:**

Cathy McKinnell: Cathy.Mckinnell@fas.usda.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!

