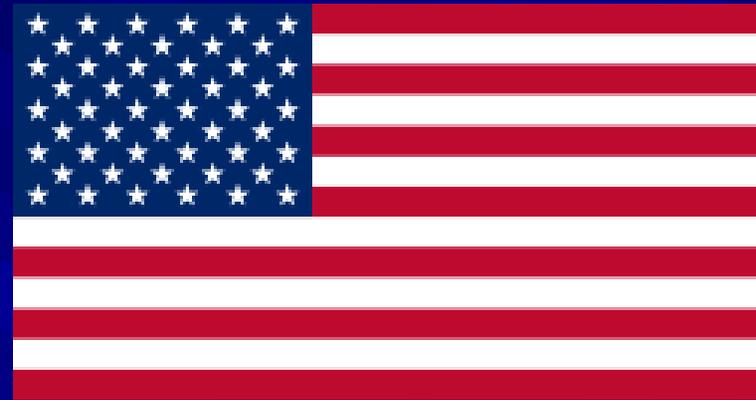


Expanding Tunisia's Exports under the GSP Program



**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**

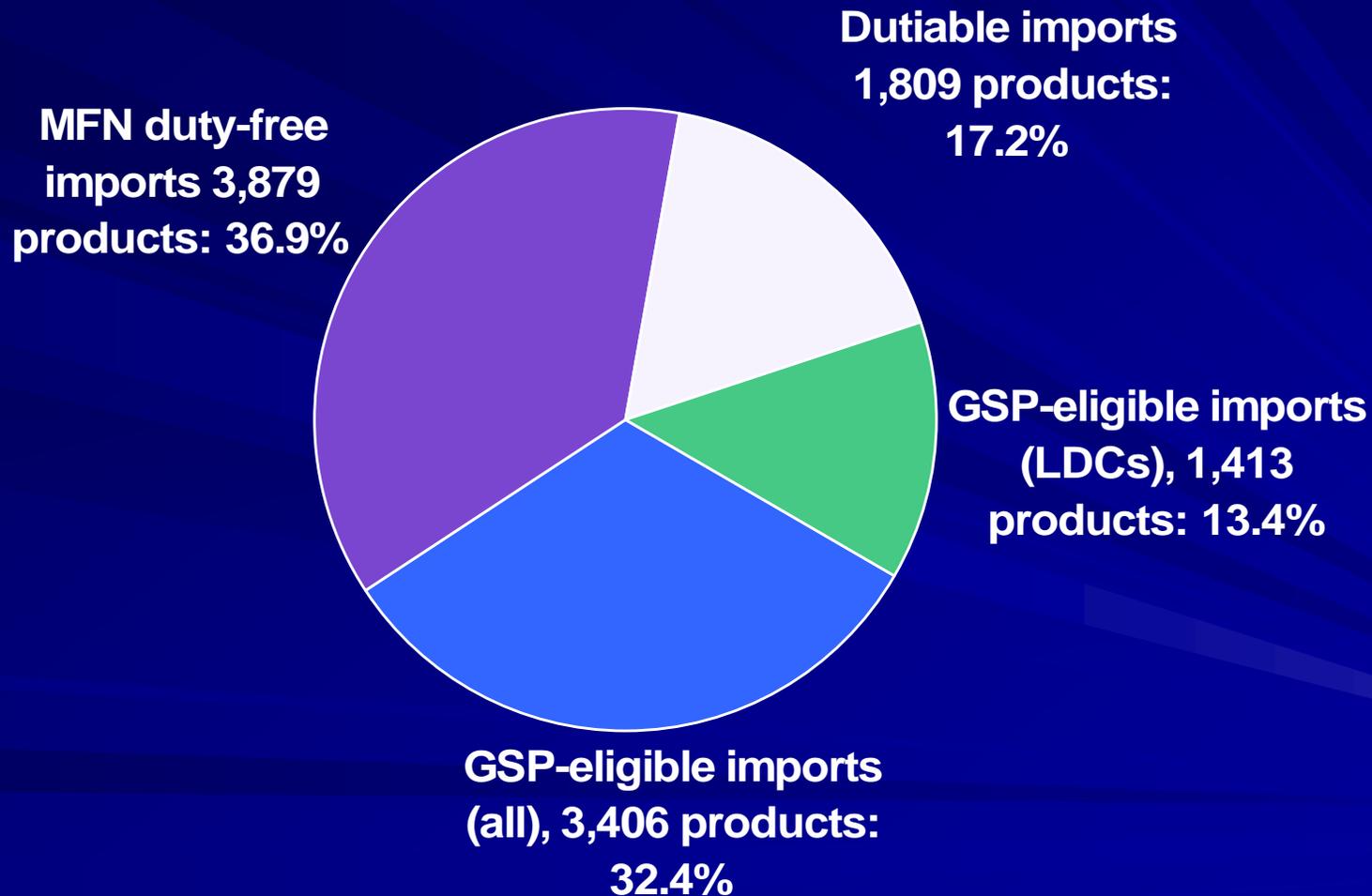
U.S. Imports from Tunisia Under GSP

- **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?



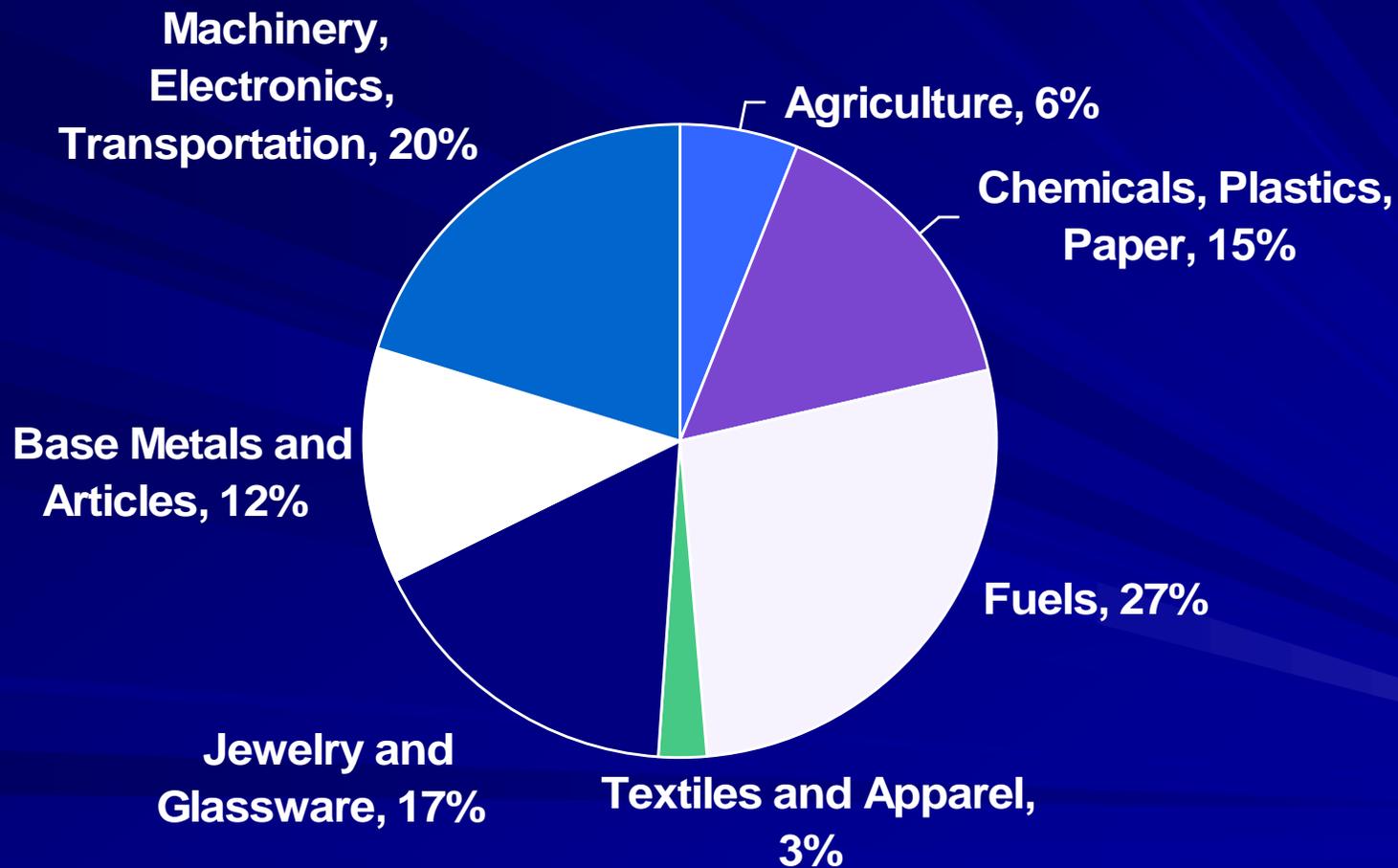
Top U.S. Imports from Tunisia Under GSP in 2007

- **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)**

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!

