

Expanding Kazakhstan's Exports to the United States



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Summary of Presentation

- Introduction to the U.S. Generalized System of Preferences (GSP) Program
GSP Program
- Exports from Kazakhstan entering the U.S. under the GSP Program
- Increasing Kazakhstan's exports

U.S. and Kazakhstan Overall Trade

- The U.S. currently ranks number eight in terms of destinations for Kazakhstan's exports
- As of 2007, the U.S. was the destination for \$1.3 billion in Kazakhstan's exports, a 30.3% increase over 2006

U.S. and Kazakhstan Overall Trade

- The U.S. wants to become a destination for more exports from Kazakhstan
- How? Through increased use of GSP duty-free opportunities
- Out of 3,400 GSP-eligible products, Kazakhstan exports 23 types of items under GSP to the U.S.
- Therefore, our goal is to use GSP to increase trade through diversifying Kazakhstan's exported products.

GSP Program

- **Kazakhstan became a GSP beneficiary on March 4, 1994**
- **GSP provides duty-free treatment to 3,400 types of exports from Kazakhstan and 131 other countries**
- **Gives Kazakhstan exports an advantage in U.S. market – lower cost to U.S. importers**
- **Exports entering under GSP in 2007: \$30.8 billion**

Kazakhstan's Exports to the U.S. *Under GSP*

- \$420 million in 2007; \$289 million (Jan-Sept (YTD) 2008): up 18%
- Kazakhstan 10th largest user of GSP (YTD08); 11th in 2007
- 21 percent of all exports from Kazakhstan entered under GSP YTD 2008 – compared to 29 percent for same period in 2007
- But, just 23 types of products entered under GSP in 2007; 12 types from Jan-Sept 2008
- Average duty saved in 2007: 2.6% (\$10.9m)

Top U.S. Exports from Kazakhstan entering under GSP (2007)

- Unwrought zinc (\$172 million)* \$2.6 million in duties saved (1.5%) in 2007
- Ferrochromium (\$160 million)* increase of 89 percent; \$3 million in duties saved (1.9%)
- Ferrosilicon chromium (\$31m): 34% increase; \$3.1m in duties saved (10%)

**excluded from GSP as of July 1, 2008*

Other Top U.S. Exports from Kazakhstan entering under GSP (2007)

- Ammonium perrhenate: \$21.8m (3.1%)
- Tantalum: \$9.8m (2.5% - 4.4%)
- Chromium trioxide: \$5.9m (3.7%)
- Unwrought magnesium: \$2.6m (8%)
- Beryllium: \$2m (5.5-8.5%)

Exports entering under GSP of items other than metals or chemicals (2007)

- **Wheat gluten: \$964,700 (6.8%)**
- **Gold jewelry: \$890,000 (5.5%), but...exports dropped from \$5.3m in 2006**
- **Small amounts of glues, wood carpentry, ceramic building items, engine parts, caviar, building stones**
- **Only 1.6% of exports under GSP not metals or chemicals**

Exports entering under GSP: *Jan-Sept 2008*

- **\$288.6 million (compared to \$245 million for same period in 2007)**
- **Zero exports of non-metals and non-chemicals except of wheat gluten for human consumption**

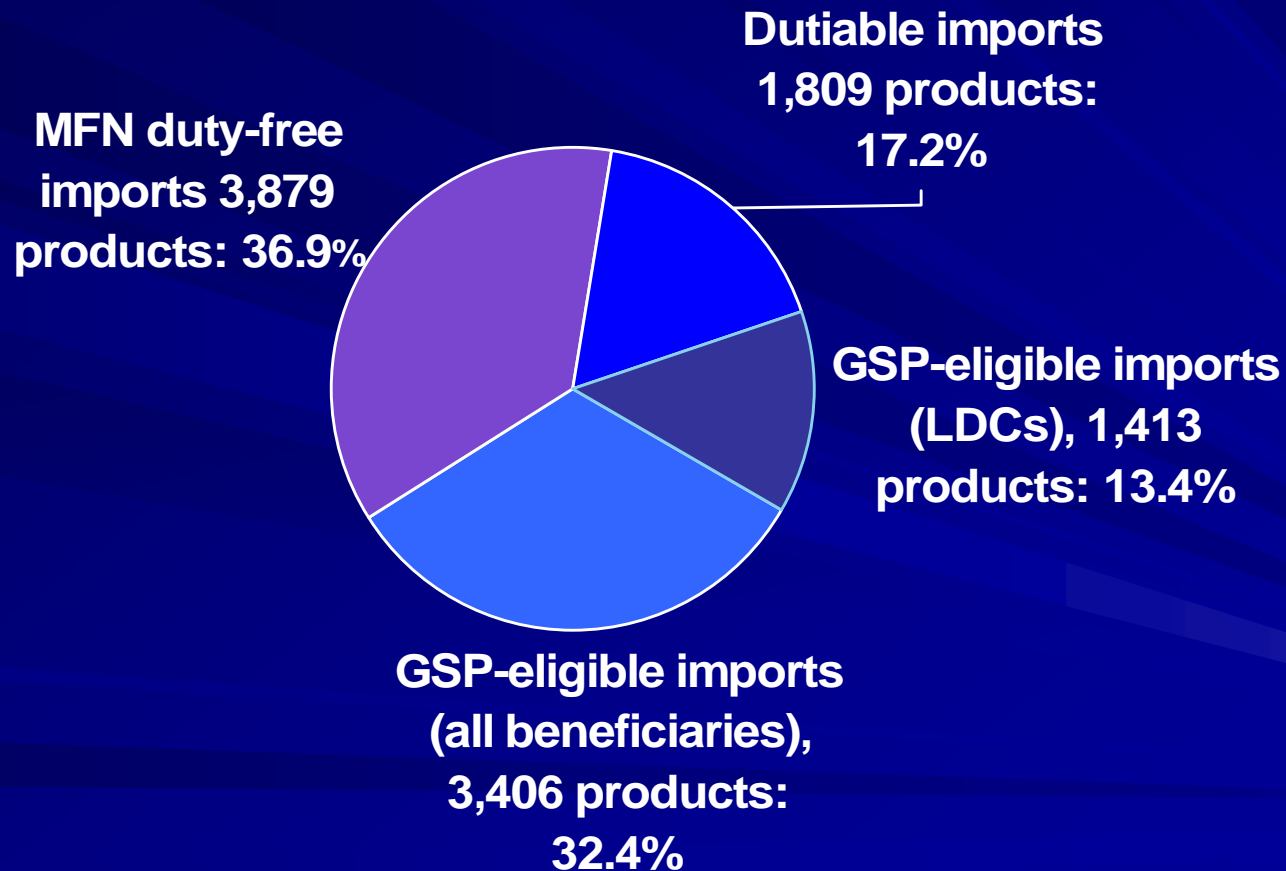
Exports entering under GSP: **Jan-Sept 2008**

- **Increased exports, by value and volume of ferrosilicon chromium, tantalum, refined unwrought lead, beryllium items**
- **Significantly decreased exports, by value and volume, of unwrought zinc, copper-tin base alloys (bronze), and unwrought magnesium**
- **Zero exports of caviar, wheat gluten for animal feed, building stones, glues, gold jewelry**

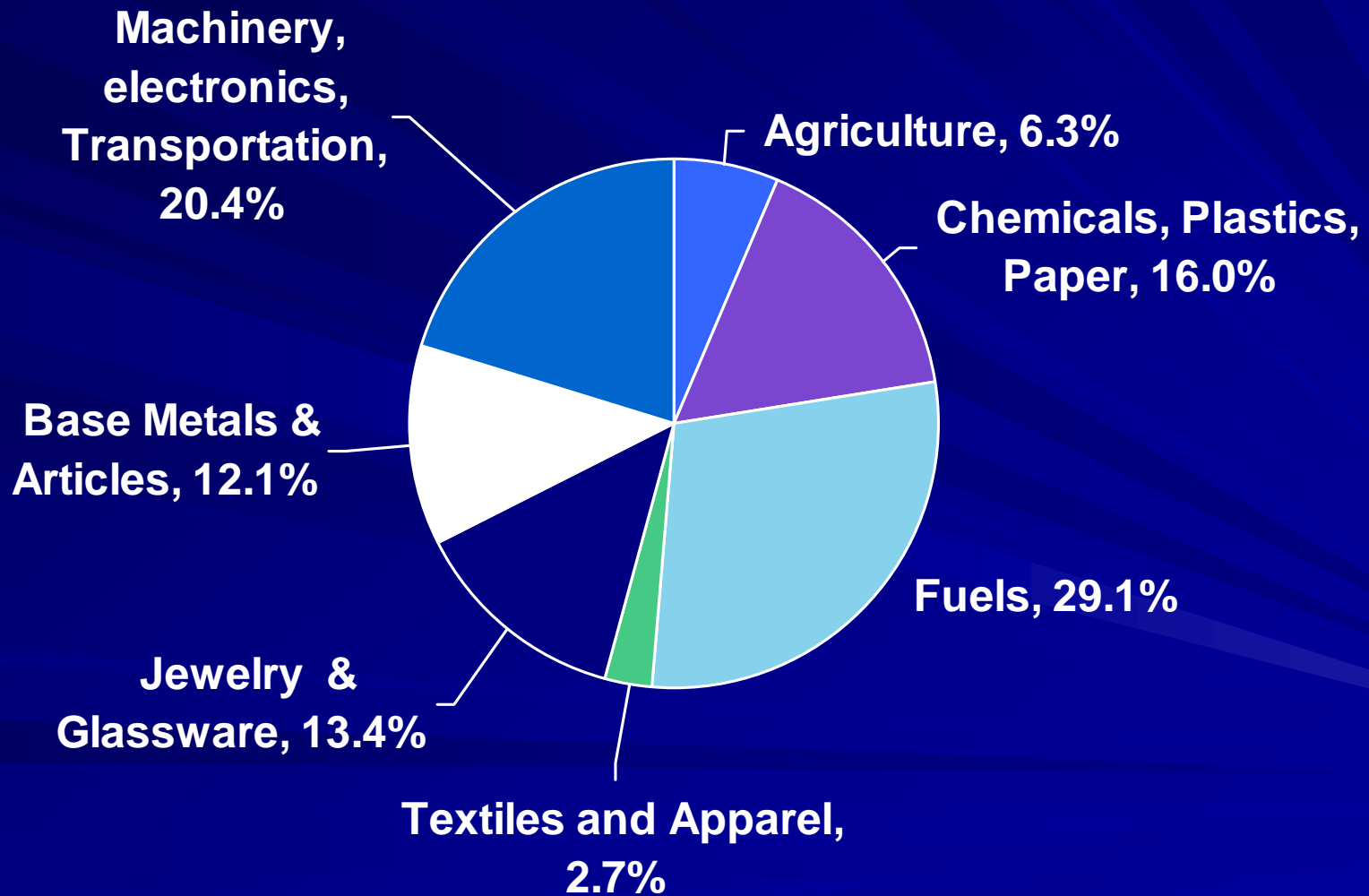
Which Products are Eligible for Duty-Free GSP Treatment?

- 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

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



Types of U.S. imports that received GSP duty-free treatment in 2007



How to Qualify for Duty-Free Treatment under GSP

- 1. Must be a GSP-eligible product**
- 2. Must be exported into the U.S. directly from Kazakhstan or pass through another country on a through bill of lading**
- 3. Must be a product or growth of Kazakhstan**
- 4. If the product includes imported input, the cost of the local content and processing must equal 35% of the product's price.**

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

■ **The easiest way to find out 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”**

Product origin

- Item must be a product of Kazakhstan
- If uses an imported input, the cost of local inputs and labor must equal 35% of product's FOB price to be from Kazakhstan
- The imported input can be “substantially transformed” in Kazakhstan and then included as a local input
- “Substantially transformed” means the item's name, character, or use differs from when it was imported

Claiming GSP Duty-Free Treatment

- **U.S. importer MUST REQUEST duty-free treatment for the import**
- **How? Importer writes an “A” before the tariff number on Customs entry form 7501**
- **If importer forgets: can apply to U.S. Customs for refund**

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

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

1. Filer Code/Entry No. AWC 000		2. Entry Type 01 ABI/A		3. Summary Date 10/04/2006	
4. Surety No.		5. Bond Type 8		6. Port Code 2704	
7. Entry Date 09/24/2006		8. Importing Carrier		9. Mode of Transport 11	
10. Country of Origin TR		11. Import Date 09/24/2006		12. Invt. or AWB No.	
13. Manufacturer ID		14. Exporting Country TR		15. Export Date 08/30/2006	
16. IT. No.		17. IT. Date		18. Missing Docs	
19. Foreign Port of Lading 55735		20. U.S. Port of Unloading 2704		21. Location of Goods/G.O. No.	
22. Consignee No. SAME		23. Importer No.		24. Reference No.	
25. Ultimate Consignee Name and Address				26. Importer of Record Name and Address	
City		State IN		Zip	
City		State IN		Zip	
27. Line No.		28. Description of Merchandise		32. A. Entered Value B. CHGS C. Relationship	
29. A. HTSUS No. B. AD/CVD Case No.		30. A. Gross Weight B. Manifest Qty.		31. Net Quantity in HTSUS Units	
M W465000914		H B08CER1369LY		NOT RELATED	
01		INVOICE 00001		51840	
A		DISPOSBL SEAMLES RUBBER GL		FREE	
		C15.19.1010 16940 112500 DPR		0.00	
		HARBOR MAINTENANCE FEE		0.125%	
		MERCHANDISE PROCESSING FEE		0.21%	
				64.80	
				108.86	
				AS ENTERED	
Other Fee Summary for Block 39		35. Total Entered Value		CBP USE ONLY	
MPT 489 108.86 EMP 501 64.86		\$ 51,840.00		A. LIQ CODE 359	
		Total Other Fees		B. Ascertained Duty	
		\$ 173.66		C. Ascertained Tax	
36. DECLARATION OF IMPORTER OF RECORD (OWNER OR PURCHASER) OR AUTHORIZED AGENT		REASON CODE		D. Ascertained Other	
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 invoices are true, OR <input type="checkbox"/> was not obtained pursuant to a purchase or agreement to purchase and the statements in the invoices 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 that all goods or services provided to the seller of the merchandise either free or at reduced cost are fully disclosed.		E. Ascertained Total		39. Other	
I will immediately furnish to the appropriate CBP officer any information showing a different statement of facts.				173.66	
41. DECLARANT NAME		TITLE		40. Total	
				173.66	
42. Broker/Filer Information (Name, address, phone number)		43. Broker/Importer File No. 6841		DATE 10/12/2006	

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 (cost of production; where produced; if using imported components – where they are from and their cost)**

Phytosanitary & Sanitary Requirements

- **U.S. Food and Drug Administration (FDA)** regulates all food (except most beef and poultry), cosmetics, biologics, drugs & some electronics.
- **Product requirements:** pure & wholesome; safe to eat; produced under sanitary conditions; informative & truthful labels in English
- **Importer files notice and bond to Customs, which contacts FDA, which may decide to do a test**
- **Bioterrorism Act:** registry of foreign facilities with FDA, including producers, that export food

Expand Use of GSP Benefits

- 1. Ensure eligible products get GSP duty-free treatment (just 68% of all eligible have this year)**
- 2. Increase exports of items other than metals and chemicals**
- 3. Identify exports to other countries that would get GSP if exported to U.S.**
- 4. Export more consumer items, including handicrafts and home décor items**
- 5. Use the internet to tell your story and find buyers for consumer goods**
- 6. Apply for waivers of eligibility limitations of high-trade exports under GSP**

Claim the GSP Savings!

- Not all GSP-eligible exports from Kazakhstan were claimed by U.S. importers.
- In 2007, 96% of all eligible goods entered duty-free.
- This year, 94% of all eligible goods have entered duty-free.
- U.S. importers did not claim \$18 million in GSP-eligible goods = \$556,000 in duties paid

Top GSP-eligible exports by duties paid

- **U.S. importers did not claim these exports under GSP (2008):**
 - All imports of caviar (\$73,700): \$11,000 in duties (15%) paid unnecessarily
 - All imports of ammonium perrhenate (\$15 million): \$467,000 in duties (3.1%) paid unnecessarily
 - All imports of ferrochromium containing 3% carbon or less (\$1.14 million) - \$35,000 in duties paid (3.1%)

Identify GSP-eligible Items that Kazakhstan exports to other markets

- **Kazakhstan's exports to the EU give an idea of items that could benefit from GSP if exported to the US:**
 - **Precious stones, metals, jewelry**
 - **Certain wheat, rice, and barley products**
 - **Fertilizers**
 - **Hides and skins (and 30 different leather products)**
 - **Fish and seafood**

GSP Export Strategies

- **Move up the value-added chain of production creates opportunities for higher-skilled jobs.**
- **For example, hides and skins are a leading export to the European Union.**
- **Some of these hides and skins could be used in the United States to make GSP-eligible leather goods such as belts, shoe laces, and sports gloves and handbags.**

Export jewelry and home décor items *duty-free*

- 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 Kazakhstan and the U.S.:

- **Artisans can export duty-free...**
 - hand-loomed fabrics (3% duty saved)
 - hand-loomed and folklore wall hangings and pillow covers (3.8% duty saved)
- **...when the Kazakhstan government certifies them as hand-made.**

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

U.S. Tariff Schedule

- <http://www.usitc.gov/tata/hts>

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>

Spasibo!

