

Georgia and the U.S. Generalized System of Preferences (GSP) Program

What is GSP?

The U.S. GSP program promotes economic growth in the developing world by providing duty-free entry to the U.S. market for goods imported from designated beneficiary developing countries. Approximately 3,500 different products from Georgia are eligible to enter the United States duty-free under the GSP program. U.S. businesses imported \$19.9 billion worth of products under the GSP program in 2012, including \$124 million from Georgia.

What products are eligible for GSP?

Many items are eligible for GSP duty-free treatment. These include: most manufactured items; jewelry; many types of carpets; certain agricultural and fishery products; and many types of chemicals and minerals. Among the products that are *not* eligible for GSP duty-free treatment are most textiles and apparel, and most footwear, handbags, luggage, and leather products. Further information on which products are eligible for GSP duty-free treatment is available at these web sites:

- For a complete list of GSP-eligible articles organized by U.S. Harmonized Tariff System (HTS) number: <http://www.ustr.gov/trade-topics/trade-development/preference-programs/generalized-system-preferences-gsp/gsp-program-i-0>.
- For a searchable database of tariff lines: http://dataweb.usitc.gov/scripts/tariff_current.asp. This database is useful for those who do not know the HTS number associated with a product. A product's GSP-eligibility can be determined by putting the product's name or a brief description in the search box and clicking "List items." A list of HTS numbers possibly associated with the product will appear. Select the item that best matches the description of the product and click "Detail." On the detail page, scroll down to the section with the heading "Preferential . . . tariff program applications." The first preferential trade program listed is GSP. If the GSP "Status" box says "Eligible: code A" (or A*) then the product is eligible for GSP duty-free treatment for Georgia.¹

GSP-eligible imports from Georgia in 2012 included ferrosilicon manganese, mineral waters, fruit juices, sauces, and cast steel.

How does an import from Georgia receive GSP duty-free treatment?

A GSP-eligible import must meet the following requirements:

- Must be included on the list of GSP-eligible articles;
- Must be imported into the United States directly from Georgia, without entering the commerce of a third country;
- The U.S. importer must claim GSP duty-free treatment by placing an "A" in front of the U.S. tariff line number that identifies the imported article on U.S. Customs and Border Protection entry documentation;

¹ "A" products are eligible for GSP duty-free treatment for all beneficiaries; "A+" products are eligible for GSP only for least-developed beneficiaries, which does not include Georgia; "A*" products are those for which certain GSP beneficiary countries have become ineligible for GSP duty-free treatment. There are no A* restrictions on imports from Georgia. Products that are not eligible for GSP duty-free treatment will say "Not eligible."

- Must be the growth, product, or manufacture of Georgia, with the cost of the Georgian materials plus the cost of processing equal to at least 35 percent of the appraised value of the article at the time of entry into the United States.²

Producers and exporters should keep records that describe the production process and costs of production of each good exported under GSP. U.S. Customs and Border Protection has the authority to ask an importer or producer to provide records to prove that the export is eligible for GSP duty-free treatment.

How can More Georgian Products be Exported Using GSP Benefits and Other Duty-Free Options?

Use GSP to Market Products: Because GSP-eligible products are permitted to enter the United States duty-free, they have up to a 18 percent cost advantage over comparable goods from non-GSP beneficiaries. Georgian exporters should be sure to use this fact in marketing their goods to U.S. buyers.

Export New Products Under GSP: There may be goods that Georgia already exports to other countries that would be eligible for duty-free treatment in the United States.

Export Handicrafts: Many handicraft exports are duty-free, such as:

- gemstones and jewelry
- traditional games
- paintings, sculpture, and wall hangings
- many types of carpets, kilims, and rugs
- wooden statuettes, boxes, and other wood items
- wind, string, and drum musical instruments
- picture frames
- some types of hats

For More Information:

- The GSP Guidebook: <http://www.ustr.gov/trade-topics/trade-development/preference-programs/generalized-system-preference-gsp>
- The U.S. Harmonized Tariff System: www.usitc.gov/tata/hts
- GSP Questions? E-mail USTR at: gsp@ustr.eop.gov

May 2013

² Imported materials may count toward the 35 percent minimum only if those materials undergo a “double substantial transformation” which means that the imported item is transformed into a new and different article, which is then incorporated into a finished product in Georgian.