

## Moldova 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 Moldova are eligible to enter the United States duty-free under the GSP program.<sup>1</sup> U.S. businesses imported \$19.9 billion worth of products under the GSP program in 2012, including \$2.2 million from Moldova.

### 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, minerals and marble. 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](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 Moldova.<sup>2</sup>

The largest categories of products that Moldova has exported to the United States in recent years under GSP are: plastic products; wine; preserved vegetables, fruit, and nuts; fruit jams; electrical machine parts; and dried beans.

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

A GSP-eligible import must meet the following requirements:

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<sup>1</sup> Legal authorization for the GSP program expired on July 31, 2013 (19 U.S.C. Section 2465). Therefore, as of midnight on August 1, 2013, imports that were previously eligible for duty-free treatment under GSP will be subject to regular, normal trade relations duties (shown in column 1 of the tariff schedule). The U.S. Congress is considering legislation that would extend the authorization of GSP beyond this date. For more information, please see [Frequently Asked Questions on GSP Expiration](#).

<sup>2</sup> "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 Moldova; "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 Moldova. Products that are not eligible for GSP duty-free treatment will say "Not eligible."

- Must be included on the list of GSP-eligible articles;
  - Must be imported into the United States directly from Moldova, without entering the commerce of a third country;
  - Must be the growth, product, or manufacture of Moldova, with the cost of the Moldovan 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.
- 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 Moldova.
- **NOTE:** 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. A sample of CBP Entry Form 7501, used for entry of merchandise, can be found on the CBP web site at: [http://forms.cbp.gov/pdf/CBP\\_Form\\_7501.pdf](http://forms.cbp.gov/pdf/CBP_Form_7501.pdf)

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.

**Making the Most of the GSP Tariff Advantage**

There are several things Moldovan exporters of GSP-eligible products can do to make the most of the tariff advantage provided by GSP. First, consider using GSP as a marketing tool with U.S. buyers. U.S. importers may be willing to buy new products from Moldova or buy more of a particular product if they know that the product is eligible for duty-free treatment under GSP. Many U.S. importers are unaware that a product may be eligible under GSP. As a result, they often pay duties on these products even when they don’t need to do so. Among the GSP-eligible products from Moldova on which duties were paid in 2012 were plastic articles of apparel and clothing; sparkling and still grape wine; base metal stoppers, caps and lids; machine parts and accessories; and women’s dresses, not knitted or crocheted, containing 70% or more silk. Moldovan exporters may also wish to examine whether there are GSP-eligible products that they are sending to other markets, but not the United States. Finally, Moldovan exporters should consider focusing export efforts on products in which the GSP tariff advantage is greatest, such as jewelry.

**For More Information**

The GSP Guidebook: [http://www.ustr.gov/sites/default/files/GSP%20Guidebook\\_Final\\_06262013.pdf](http://www.ustr.gov/sites/default/files/GSP%20Guidebook_Final_06262013.pdf)

GSP website: <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](http://www.usitc.gov/tata/hts)

HTS Online Reference Tool: <http://hts.usitc.gov/>

GSP Inquiry Email: [gsp@ustr.eop.gov](mailto:gsp@ustr.eop.gov)