



Office of the United State Trade Representative

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# *Mongolia and the Generalized System of Preferences (GSP) Program*

September  
2019



# *Presentation Summary*

- Overview of USTR and the U.S. GSP program
- GSP Exports and Benefits Review for Mongolia
- How to Increase Use of Duty-free Opportunities



# *Role of the Office of the United States Trade Representative (USTR)*

- Cabinet-level agency which coordinates U.S. trade policy
  - Acts as lead negotiator, administers preference programs, represents US at WTO, and handles trade disputes and litigation.
- Led by Ambassador Robert E. Lighthizer
- Office of Trade Policy and Economics administers GSP



# *GSP Program Overview*

- Enhanced access to U.S. market
  - Provides duty-free treatment for almost 3,500 products from Mongolia and 118 other beneficiary countries
- Expanded choices for U.S. industries and consumers
- \$23.5 billion in total U.S. GSP imports in 2018
- GSP program currently authorized through December 2020





# *U.S. tariff schedule*

- Tariff schedule contains 11,083 products, from horses (0101.12.00) to antiques (9706.00.00)
- 4,084 “MFN-zero” products – no tariff
  - Includes most metal ores, furniture, toys, felt hats
- 3,743 products are subject to permanent tariffs. Some of these are excluded from GSP by law, including most clothing, shoes, meats.
- 3,256 products are eligible for GSP benefits
  - Includes tungsten concentrate, furskin clothing, leather saddlery and harnesses for animals



# Country eligibility

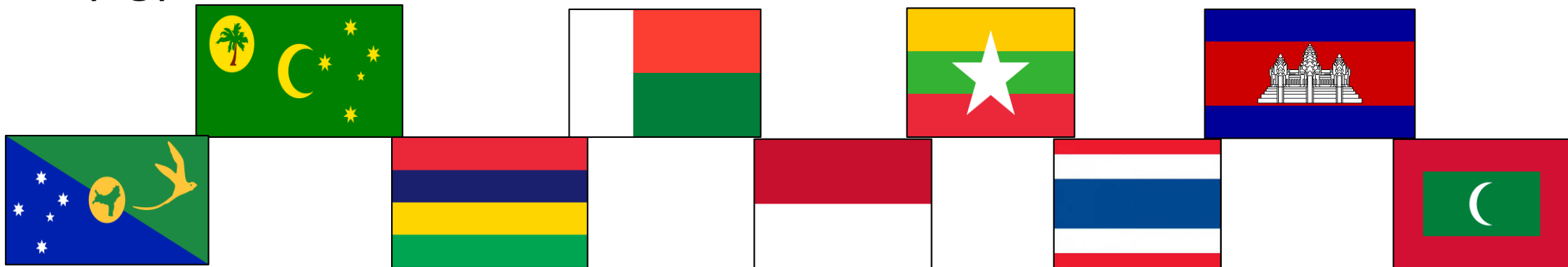
- Income under \$12,055 per capita (World Bank high-income threshold)
- Compensation for expropriation/arbitral awards
- Taking steps to protect internationally recognized worker rights, including stopping child labor
- Reasonable assurance of market access for U.S. exports
- U.S. intellectual property rights (IPR) protected
- Full description and list in Guidebook:  
<https://ustr.gov/sites/default/files/The%20GSP%20Guidebook.pdf>



# Current Beneficiary Countries



119 countries & territories as of 2019. Beneficiaries include 25 Asian and Pacific countries, including three Central Asian neighbors: Kyrgyzstan, Kazakhstan, and Uzbekistan.

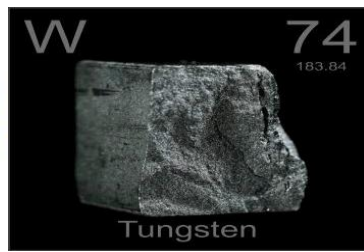




# Product eligibility

## Eligible

- Many manufactured items and minerals
- Travel goods such as leather bags, purses
- Jewelry
- Some agricultural goods (e.g. pine nuts)



## Ineligible

- Most textiles, apparel and footwear
- Watches
- Some gloves and leather goods
- Some agricultural products (e.g. meats)





# *How to Qualify for Duty-Free Treatment under GSP*

- GSP-eligible product
- Product or growth of the GSP country
- Local content must be  $\geq 35\%$  of the value
- Can't enter commerce of another country
- Benefit claimed by U.S. importer
- Keep records to verify GSP claim



# Mongolia's GSP exports to the United States, 2018

- Exports under GSP accounted for 31% of Mongolia's exports to United States
  - Total exports were \$10.1 million in 2018; \$3.2 million were under GSP
  - Exports under GSP rose slightly from \$2.7 million in 2017
- But Mongolia's GSP trade was almost exclusively in one product:
  - Tungsten concentrate: \$3.1 million
  - Eight other products account for remaining \$100,000 in GSP exports



# Examples of duty savings on Mongolian GSP-eligible exports, 2018

HTS description	MFN rate, or non-GSP rate	Imports for consumption (U.S. dollars)	Share of eligible imports using GSP (percent)	Duty savings (U.S. dollars)	Potential additional savings (U.S. dollars)
Tungsten concentrate 2611.10.60	37.5c / kilo of tungsten	\$4.37 million	71%	\$46,400	\$19,140
Fur clothing 4303.10.00	4.0%	\$5,800	100%	\$232	\$0
Leather luggage 4202.11.00	8.0%	\$1,190	0%	0%	\$95
Cotton handbags (2019 only) 4202.22.45	6.3%	\$13,880	0%	\$0	\$875



# *Example: GSP advantage for Mongolian fur clothing*

- MFN tariff (non-GSP, HTS 4303.10.00) is 4.0%
- High-value product: 350 articles of clothing arrives in the U.S. for \$5,800; average cost of \$166 per article.
- Buyers used GSP, and paid \$0 on GSP imports from Mongolia
- (1) Total savings of \$232 for one order
- (2) Savings of \$6.60 per article of clothing



# How to Increase Duty-Free Exports to the United States



Consider products with a GSP advantage

Identify GSP-eligible products exported to other markets

Ensure that GSP is claimed

Use GSP as a marketing tool





# Identify Potential Mongolian GSP Products

Some buyers of Mongolian products are not taking advantage of GSP. Example: leather bags and luggage.

- HTS 4202.11.00; MFN (non-GSP) duty rate of 8.0%
- Importers pay 8.0% tariff when importing from many competitors, including China, Turkey, Italy, Korea
- Importers pay 0% on GSP imports from Mongolia
- (1) Buyers would save \$80 per \$1,000 in Mongolian leather luggage
- (2) At \$30 each, buyers would save \$2.40 per bag



# How to Determine if a Product is GSP Eligible

Visit <https://hts.usitc.gov>

Feedback

beans

Search

Heading/ Subheading	Stat Suf fix	Article Description	Unit of Quantity	Rate	Section
0708.20		Beans ( <i>Vigna spp.</i> , <i>Phaseolus spp.</i> ):			
0708.20.10	00	Lima beans, if entered during the period from November 1 in any year to the following May 31, inclusive	kg	2.3¢/kg	Free (A, AU, BH, CA, CL, CO, D, E, IL, JO, KR, MA, MX, OM, P, PA, PE, SG)
0708.20.20		Cowpeas (other than black-eye peas)		Free	
	05	Yard-long beans ( <i>Vigna unguiculata</i> subsp., <i>Sesquipedalis</i> )	kg		Free (A+ AU, BH, CA, CL, CO, D, E, IL, JO, KR, MA, MX, OM, P, PA, PE, SG)
	10	Other	kg		
0708.20.90		Other		4.9¢/kg	Free (A* AU, BH, CA, CL, CO, D, E, IL, JO, KR, MA, MX, OM, P, PA, PE, SG)
	05	Other beans of the genus <i>Vigna</i>	kg		
	10	Other	kg		
0708.90		Other leguminous vegetables:			
0708.90.05	00	Chickpeas (garbanzos)	kg	1¢/kg	Free (A* AU, BH, CA, CL, CO, D, E, IL, JO, KR, MA, MX, OM, P, PA, PE, SG)

"A" = eligible for all BDCs  
 "A+" = eligible for LBDCs only  
 "A\*" = some countries are excluded



# For More Detailed Product Information

Visit <https://dataweb.usitc.gov/tariff/database>

☰ dataweb.usitc.gov

[Home](#) → [Tariff](#) → [Tariff Database](#)

## USITC Tariff Database

Tariff data current through March 19, 2019.

This site has data for individual tariff lines.

Enter either the first part of an HTS category number up to 8 digits — e.g., "8501" or "850110", or any part of a product description — e.g., "bovine", or "articho" (without the "quotes"). The search is not case-sensitive, so the results for "Bovine" will be the same as for "BoVinE".

[List Items](#)

[Download Annual Tariff Data \(1997–2019\)](#)

Select an item for which you want tariff and trade information:

HTS	Name	Begin Effect Date
07089030	Pigeon peas, fresh or chilled, shelled or unshelled, if entered Oct. 1 through the following June 30, inclusive	10/31/2012





# For More Detailed Product Information

Visit <https://dataweb.usitc.gov/tariff/database>

dataweb.usitc.gov

## U.S. Tariff and Trade Data

*Pigeon peas, fresh or chilled, shelled or unshelled, if entered Oct. 1 through the following June 30, inclusive (HTS 07089030)*

Tariff and Most Recent Annual U.S. Import Information

Search for A

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Beginning Effective Date (most recent date any part of this HTS item's tariff treatment changed)

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Ending Effective Date (most recent date any part of this HTS item's tariff treatment changed)

Ending Effective Date (most recent date any part of this HTS item's tariff treatment changed)

1st Unit of Quantity

1st Unit of Quantity

2nd Unit of Quantity

2nd Unit of Quantity

### 2018 Normal Trade Relations (NTR) duty rate (formerly known as the Most Favored Nation (MFN) duty rate)

MFN Text Rate:	0.8 cents/kg
Duty calculation:	(Specific rate) times (Q1)
Ad Valorem (percent of value) component:	0%

### Preferential (duty-free or reduced rate) tariff program applicability to this HTS item

#### GSP (Generalized System of Preferences)

Status:	Eligible: code "A" (Certain Countries Excluded)
Countries Excluded from GSP eligibility on this item:	Ecuador

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# *GSP decision-making process to add or remove countries and products*

## **Country-specific**

- Petitions submitted by interested parties (e.g., labor, IPR, market access)

or

- U.S. government self-initiates a review following the triennial country assessment process



## **Product-specific**

- Petitions submitted by interested parties
- 2018 examples:
  - 'Redesignate' ammonium perrhenate from Kazakhstan
  - Remove tart cherry juice from Turkey



# *Identifying and Developing Potential U.S. Customers*

- Your approach will depend on company size, sector, and experience
- Research and understand the U.S. market
- Determine what kind of relationship to have with U.S. buyer: agent, distributor, partner, joint venture
- Advertise GSP advantage
- The best leads come from your own network
  - Trade shows are a great opportunity to build up your network



# Questions?

## U.S. Generalized System of Preferences GUIDEBOOK



Office of the United States Trade Representative  
Executive Office of the President  
Washington, D.C.

April 2018

## USTR Contact Information

- Email: [gsp@ustr.eop.gov](mailto:gsp@ustr.eop.gov)
- Phone: +1 (202) 395-2974
- Website: <https://ustr.gov/issue-areas/trade-development/preference-programs/generalized-system-preference-gsp>



# Thank you!

