# Serbia and the Generalized System of Preferences (GSP) Program



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### Presentation Summary

- Overview of USTR and the U.S. GSP Program
- GSP Exports and Benefits Review for Serbia
- How to increase use of duty-free opportunities

### Role of USTR (United States Trade Representative)

- Cabinet-level agency which coordinates U.S. trade policy
  - Acts as lead negotiator, administrator of preference programs, and represents U.S. at WTO
- Led by Ambassador Robert 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 Serbia
- 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

- Total of 11,083 products
- 4,084 MFN-zero products
  - Includes cartridges and empty cartridge shells, soybeans, sausage casings, electronic and electromechanical switches, parts of turbojets and turbopropellers, and dog or cat food
- 3,743 products are subject to permanent tariffs (and excluded from GSP)
  - Includes most clothing, shoes, and automobiles
- 3,256 products are eligible for GSP benefits
  - Includes some dairy spreads, dried mushrooms, dried vegetables, dried peas, frozen strawberries, frozen raspberries, frozen blackberries, and dried apricots

### Country eligibility

- Income under \$12,055 per capita
- Expropriation/Arbitral Awards
- Taking steps to protect internationally recognized worker rights, including stopping child labor
- Market Access for U.S. exports
- U.S. Intellectual Property Rights protected
- Full description and list in Guidebook

https://ustr.gov/sites/default/files/The%20GSP%20Guidebook.pdf

### Product eligibility

### Eligible

- Many manufactured items and inputs
- Travel goods (e.g. backpacks, purses)
- Jewelry
- Some agricultural products
- Many chemicals
- Many minerals

### Ineligible

- Most textiles and apparel
- Watches
- Footwear
- Some gloves and leather goods
- Many agricultural products



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

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

## Serbia GSP exports to the United States, 2018

- Exports under GSP accounted for 30% of Serbia's exports to U.S.
  - Total exports were \$313 million in 2018, \$93 million of which were under GSP
  - Exports under GSP increased by 16% from 2017-18
- Top GSP products, 2018:
  - Rubber tires (\$16 million)
  - Frozen raspberries (\$14 million)
  - Vehicle engine parts (\$12 million)
- In 2018, about 56% of eligible products were imported under GSP

# Examples of duty savings on Serbian exports, 2018

	MFN rate, or non-GSP	Imports for consumption	Share of eligible imports using GSP	Duty savings (U.S.	Potential additiona I savings (U.S.
HTS description	rate	(U.S. dollars)	(percent)	dollars)	dollars)
Pneumatic rubber					
tires	4.0%	\$16,500,000	97%	\$640,000	\$20,000
Automatic thermostats	1.7%	\$70,000	10%	\$127	\$1,000
AC generators	2.4%	\$16,000,000	0%	\$0	\$380,000
Copper-zinc base					
alloys, seamless pipes and tubes	1.4%	\$6,000,000	90%	\$80,000	\$8,000

### Example: GSP advantage for Serbia's new pneumatic rubber tire exports

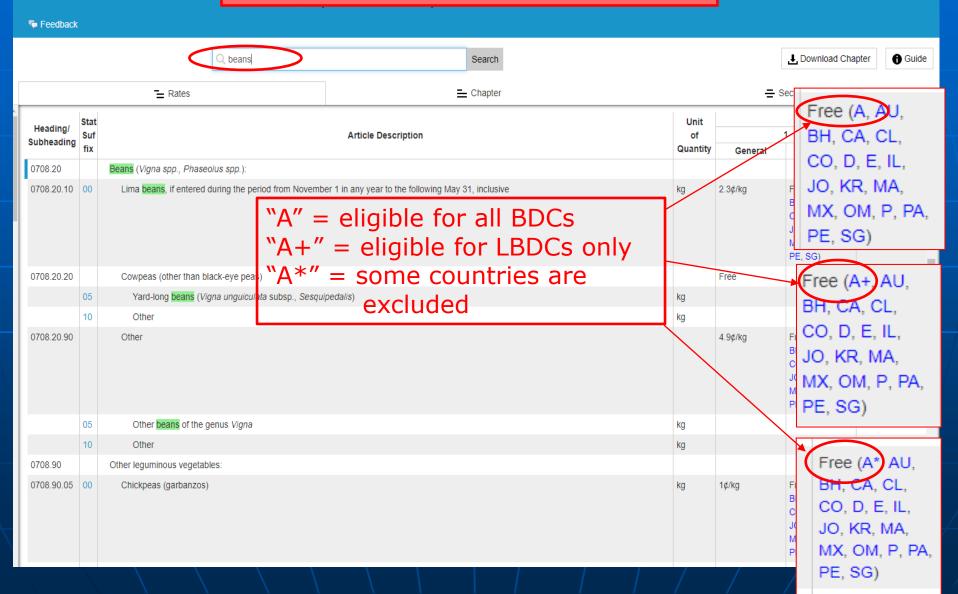
- HTS 4011.10.10
- MFN (non-GSP) duty rate of 4%
- Importers pay 4% duty when importing from many competitors, including Japan, Germany, Vietnam, and Taiwan
- Importers pay 0% on GSP imports from Serbia
- Buyers would save \$4.00 per \$100 in rubber tire exports

### How to Increase Duty-Free Exports to the U.S.



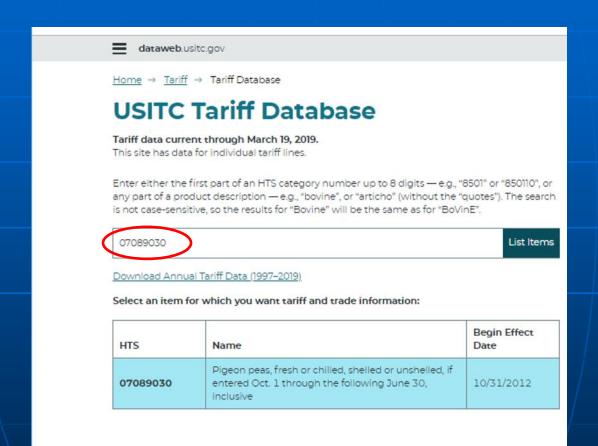
#### How to determine if a product is GSP eligible

Visit <a href="https://hts.usitc.gov">https://hts.usitc.gov</a>



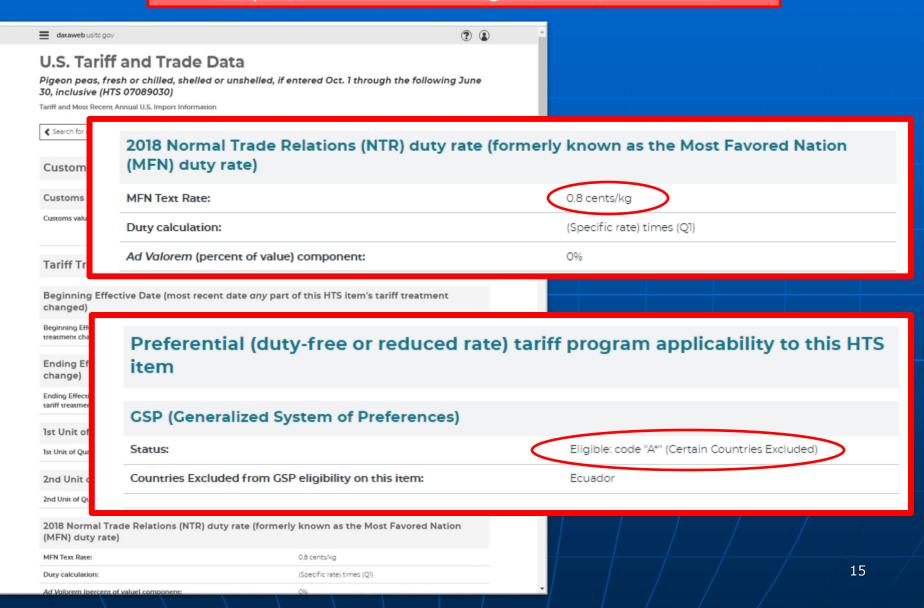
#### For more detailed product information

Visit <a href="https://dataweb.usitc.gov/tariff/database">https://dataweb.usitc.gov/tariff/database</a>



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

### Country-specific

Petitions submitted by interested parties

<u>or</u>

 U.S. government selfinitiates a review following the triennial country assessment process

#### **Product-specific**

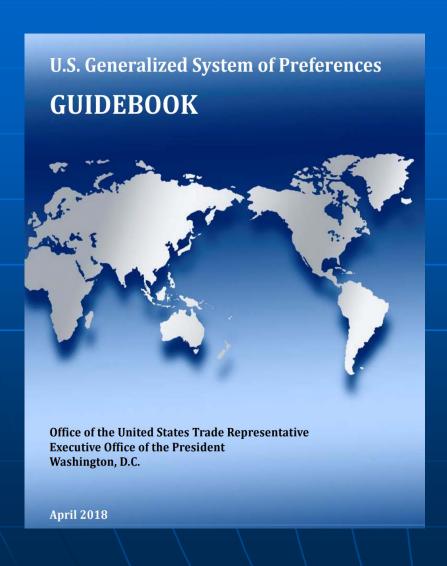
Petitions submitted by interested parties

- 2018 examples:
  - Redesignate ammonium perrhenate for Kazakhstan
  - Removal of tart cherry juice for Turkey

# Identifying & Developing Potential U.S. Buyers

- Depends on size, sector, experience
- Understanding the US market
- What kind of relationship: agent, distributor, partner, joint venture
- Best leads: your own network!
- Trade shows

### Questions on GSP?



#### **USTR Contacts**

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Website: <a href="https://ustr.gov/issue-areas/trade-development/preference-programs/generalized-system-preference-gsp">https://ustr.gov/issue-areas/trade-development/preference-programs/generalized-system-preference-gsp</a>

