

# **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  $\geq 35\%$  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

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

Feedback

Q beans Search Download Chapter Guide

Heading/ Subheading	Stat Suf fix	Article Description	Unit of Quantity	General
0708.20		Beans ( <i>Vigna</i> spp., <i>Phaseolus</i> spp.):		
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
0708.20.20		Cowpeas (other than black-eye peas)		Free
	05	Yard-long beans ( <i>Vigna unguiculata</i> subsp., <i>Sesquipedalis</i> )	kg	
	10	Other	kg	
0708.20.90		Other		4.9¢/kg
	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

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

Free (A, AU, BH, CA, CL, CO, D, E, IL, JO, KR, MA, MX, OM, P, PA, PE, SG)

Free (A+ AU, BH, CA, CL, CO, D, E, IL, JO, KR, MA, MX, OM, P, PA, PE, SG)

Free (A\* AU, BH, CA, CL, CO, D, E, IL, JO, KR, MA, MX, OM, P, PA, PE, SG)



# For more detailed product information

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

The screenshot shows the USITC Tariff Database website. At the top, there is a navigation bar with the URL "dataweb.usitc.gov" and a hamburger menu icon. Below the navigation bar, there is a breadcrumb trail: "Home → Tariff → Tariff Database". The main heading is "USITC Tariff Database". Below the heading, there is a note: "Tariff data current through March 19, 2019. This site has data for individual tariff lines." A search instruction follows: "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'." Below the search instruction, there is a search input field containing the text "07089030", which is circled in red. To the right of the input field is a dark green button labeled "List Items". Below the search field, there is a link: "Download Annual Tariff Data (1997-2019)". Below the link, there is a heading: "Select an item for which you want tariff and trade information:". Below the heading, there is a table with three columns: "HTS", "Name", and "Begin Effect Date". The table contains one row of data.

dataweb.usitc.gov

Home → Tariff → Tariff Database

## USITC Tariff Database

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07089030 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>

The screenshot shows the 'U.S. Tariff and Trade Data' website. The main heading is 'U.S. Tariff and Trade Data' with a sub-heading 'Pigeon peas, fresh or chilled, shelled or unshelled, if entered Oct. 1 through the following June 30, inclusive (HTS 07089030)'. Below this, there is a search bar and a sidebar with navigation options like 'Customs', 'Tariff Treatment', and 'Beginning Effective Date'. The main content area is divided into two sections, both highlighted with red boxes. The first section is titled '2018 Normal Trade Relations (NTR) duty rate (formerly known as the Most Favored Nation (MFN) duty rate)' and contains a table with three rows: 'MFN Text Rate: 0.8 cents/kg', 'Duty calculation: (Specific rate) times (Q)', and 'Ad Valorem (percent of value) component: 0%'. The second section is titled 'Preferential (duty-free or reduced rate) tariff program applicability to this HTS item' and contains a table with two rows: 'Status: Eligible: code "A\*" (Certain Countries Excluded)' and 'Countries Excluded from GSP eligibility on this item: Ecuador'. At the bottom of the page, there is a summary table that repeats the MFN Text Rate and Duty calculation information.

## 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 (Q)
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

### 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 (Q)
Ad Valorem (percent of value) component:	0%

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

## Country-specific

- Petitions submitted by interested parties

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 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?

## 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 Contacts

- 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!*

