Office of the United States Trade Representative

Armenia and the Generalized System of Preferences (GSP) Program

April 4, 2023

Laura Buffo,
Deputy Assistant Trade Representative for GSP

Presentation Summary

- Overview of the U.S. GSP Program

- Armenia's GSP Exports

- How to Utilize the GSP Program

Overview the U.S. GSP Program

U.S. Tariff Schedule

- 11,100 products in U.S. Tariff Schedule

- 4,200 "MFN-free" products
  - most metal ores, and furniture, to sunflower seeds

- 1,900 products subjected to permanent tariffs

- 3,500 products eligible for all GSP beneficiary countries

GSP Program - Overview

- Assist developing countries diversify export markets

- 119 beneficiary countries and territories

- $21.5 billion in total exports claimed in 2022

- Duty-free benefits under GSP lapsed as of January 1, 2021

GSP Expiration

- Congress responsible for reauthorizing GSP

- Continue to Claim GSP
  - Importers should continue to mark GSP-eligible importations with the special program indicator for GSP "A"

- For specific guidance on processing any refunds, please contact FTA@cbp.dhs.gov.

Eligible

- Many manufactured items & minerals
- Some travel goods (e.g. leather bags, purses) Jewelry
- Some agricultural goods (e.g. cherry jam, certain wines, dates)

Ineligible

- Most textiles, apparel, & footwear
- Sensitive steel products
- Watches
- Some leather goods
- Some agricultural products (e.g. meats)

GSP Program – GSP Product Review

- Petitions by interested parties for products to be added to or removed from GSP (products are added for all GSP beneficiaries)

- 2020 review – over 90 products petitioned

- Petitions accepted for review (and granted)
  - Addition of fresh cut roses for all GSP members
  - Removal of parboiled rice for all GSP members

- Study by the International Trade Commission on economic impact.

- Public hearing

GSP Program – GSP Product Review

- In evaluating product petitions the GSP Subcommittee looks at various factors, including:

  - the impact that the addition would have on furthering economic development of beneficiaries;

  - whether other major developed countries are undertaking a comparable effort to grant trade preferences for such products;

  - the anticipated impact of such action on U.S. producers or like or directly competitive products; and

  - the extent of the beneficiary developing country's competitiveness with respect to such products.

GSP Program – Country Eligibility

- Income under $13,205 per capita
  - World Bank high-income threshold

- 15 Eligibility Criteria
  - Reasonable market access for U.S. exports
  - Protecting worker rights & combatting the worst forms of child labor
  - Protecting U.S. intellectual property rights (IPR)
  - Compensation for expropriation/arbitral awards

- Full description in GSP Guidebook:
  https://ustr.gov/sites/default/files/IssueAreas/gsp/GSP_Guidebook-December_2019.

Review of compliance with GSP eligibility criteria

- Annual Petition Process
    - Filed by interested parties as part of GSP annual review

- U.S. Government initiated Assessment Process
    - 3-year cycle, on a regional basis USTR and the GSP Subcommittee

- Current reviews
    - Azerbaijan, Kazakhstan, Zimbabwe, and Eritrea (worker rights), Indonesia and South Africa (Intellectual Property Rights), Ecuador (Arbitral awards)

https://ustr.gov/issue-areas/preference-programs/generalized-system-preferences-gsp/current-reviews/ongoing-country

Armenia's GSP Exports

Armenia's 2022 GSP Exports to the U.S.

- Exports under GSP accounted for 42.3% of total exports to United States

  o Total exports to the U.S. under GSP $34.3 million

  o Total exports to the U.S. $81.1 million

Armenia GSP Exports

HTS Description	2019	2020	2021	2022
Precious metal articles of jewelry (other than silver)	$2.8 million	$9.1 million	$26 million	$23 million
Gold Necklaces and Gold chains	$190k	$536k	$7.8 million	$5.1 million
Mineral waters	$416k	$591k	$980k	$1.4 million
Vegetables (including olives) prepared by vinegar or acetic acid	$583k	$638k	$958k	$749k

Examples of Duty Savings on Armenian Exports 2022

HTS Description	MFN Rate	Imports for U.S. Consumption	Share of Eligible Imports using GSP	Tariff savings
Precious metal articles of jewelry	5%	$23 million	99%	$1,149,654
Gold Necklaces and Gold chains	5%	$5.1 million	99.4%	$257,270
Mineral waters	.39%	$1.4 million	60%	$5,336

Underutilization of GSP

HTS Description	MFN Rate	Imports for U.S. Consumption	Share of Eligible Imports using GSP	Tariff savings	Potential Additional Savings
Vegetables (including olives) prepared other than by vinegar or acetic acid	11%	$605,560	46%	$30.5k	$36.1k
Silver articles of jewelry	5%	$445.2k	0%	0	$22,258k
Precious metal articles of jewelry (other than silver)	5%	$23 million	99%	$1,149,654	$12,343

How to Utilize the GSP Program

How to Qualify for Duty-Free GSP Treatment

- GSP-eligible product
  - ✓ Is it on the list of GSP-eligible products?
  - ✓ Does it meet the rules of origin?
    - o Is it produced or grown in a GSP country?
    - o If the product is using some 3rd country inputs, is the local content ≥ 35% of the value of the product? Or have the 3rd country inputs undergone substantial transformation?
    - o Has it entered the commerce of another country?

- Benefit claimed by U.S. importer on Customs Form 7501 (Line 27 – "A")

- Keep records to verify GSP claim

Expand Armenia's GSP Benefits

- Claim GSP on 100% of all eligible products

- Consider GSP eligible products exported to other markets

- Connect with importers of similar products excluded for other countries

Expand Armenia's GSP benefits

- In recent years, a number of countries have been removed from GSP or had their benefits reduced
  - Importers of these products now pay the MFN duty rate
  - Turkey and India lost GSP for all of their products in 2019
  - General Notes 4(d) of the HTSUS lists all products excluded for specific countries

- Identify if Armenia produces and/or exports these products

- Use GSP as a marketing tool

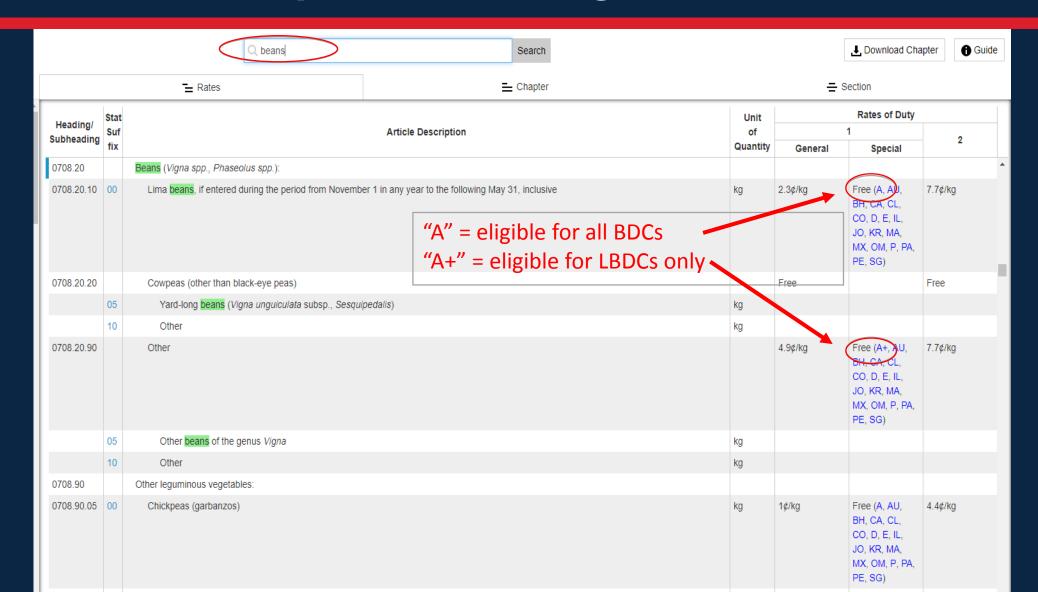# *Understanding the U.S. Market*

- Role of Importers

- Responsible for ensuring all regulations are met

- Private sector standards often require stringent sustainable practices/labor standards

- U.S. Customs Brokers best source for sector specific information

Useful Resources

How to determine if a product is GSP eligible - Visit https://hts.usitc.gov

"A" = eligible for all BDCs
"A+" = eligible for LBDCs only

Issue Areas » Preference Programs » Generalized System of Preferences (GSP) » Program Information

GSP Program Information

Generalized System of Preferences (GSP)

Program Information

GSP-Eligible Products

Statute & Regulations

2018 GSP Renewal

Country-Specific Information

Reviews

Federal Register Notices

Press Releases

Current Waivers to GSP Competitive Need Limitations (CNLs)

GSP-Eligible Products

GSP Beneficiary Countries

Statute & Regulations

The GSP Guidebook

GSP by the Numbers

For more detailed product information
- Visit https://dataweb.usitc.gov/tariff/database

dataweb.usitc.gov

THE PREMIER SOURCE OF FREE U.S. TRADE & TARIFF DATA.

USITC DataWeb provides U.S. merchandise trade and tariff data in a user friendly web interface. Trade data for 1989 to the present are available on a monthly, quarterly, annual, or year-to-date basis and can be retrieved using a sophisticated querying tool with features such as user defined country and commodity groups. Read more...

Announcements   System Alerts   What's New

TRADE
Retrieve U.S. merchandise trade data using the data request tool.

• Imports For Consumption
• Domestic Exports

TARIFF
Get past, current, and future U.S. tariff rates in multiple formats.

• HTS Search
• Tariff Database

CLASSIFICATION
Find correlations between classification systems and related data.

• Commodity Translation Tool
• Commodity Description Lookup

Questions on GSP?

- Email: gsp@ustr.eop.gov

- Phone: +1 (202) 395-6364

- Website: https://ustr.gov/issue-areas/trade-development/preference-programs/generalized-system-preference-gsp

Thank You!