

U.S. Generalized System of Preferences & Kosovo
Marideth Sandler, GSP Director USTR
April 2, 2009 08:00 EDT

CO.NX Moderator (Mark): Welcome to the webchat. This session will be an introduction to the U.S. Generalized System of Preferences (GSP) program and how it gives exports from Kosovo duty-free access to the U.S. market. Discussion topics will include the types of products that are eligible, GSP rules, and how Kosovo business people can best take advantage of this opportunity.

Our guest speaker will be Marideth Sandler, USTR, who will provide information and answer your questions. Please feel free to post questions on this website before the April 2 webchat.

GSP Director Marideth Sandler: Good morning or good afternoon! We are going to start. I wanted to welcome you to the Generalized System of Preferences (GSP) FIRST web chat. Thank you for joining us.

The U.S. GSP program provides significant opportunities for Kosovo to increase its exports to the U.S. In 2008, Congress signed legislation that extended the GSP program through December 31, 2009.

The GSP program provides duty-free treatment for over 4,900 products from least-developed beneficiary countries (LDBDCs) and designated beneficiary developing countries (BDCs). The GSP program extends this treatment to 131 BDCs and territories as of February 2009. U.S. imports under GSP in 2008 from all beneficiaries totaled over \$31.7 billion.

The purpose of the GSP program is to give U.S. imports from developing countries a competitive edge in the U.S. market. U.S. companies and customers are especially interested in importing goods under the GSP program because they are not charged duties upon entering the U.S., which can range from two percent to seventeen percent of the items' cost. The combined GSP-eligible product lists include most dutiable manufactures and semi-manufactures, and certain agricultural, fishery, and primary industrial products.

Some articles are prohibited by the GSP statute from receiving GSP treatment, including textiles produced with cotton, wool, manmade fiber, other vegetable fiber (linen and ramie); watches; certain footwear and handbags; luggage; flat goods not made of silk; work gloves; and other leather items.

GSP Director Marideth Sandler: I'd like to make sure you have seen the presentations online in English, Albanian, and Serbian. They answer many of the questions about GSP. They are available for your download, as are the briefers in three languages.

GSP Director Marideth Sandler: Now, I'm happy to take your questions.

Webchat Participant: How do I find out if my product is eligible for duty-free treatment under the GSP Program?

GSP Director Marideth Sandler: --USTR maintains lists of eligible products on its website. Please visit it at

http://www.ustr.gov/Trade_Development/Preference_Programs/GSP/2009_GSP-Eligible_Products/Section_Index.html for the 2009 GSP-eligible products.

Kushtrim 2: Hi, I am Kushtrim and I have a question concerning textiles. I saw on the presentation for GSP posted on the US Embassy website in Kosovo and it was unclear to me what textile products are eligible for benefiting from the GSP?

GSP Director Marideth Sandler: This link will give you the list of GSP-eligible textile and apparel items:

http://www.ustr.gov/assets/Trade_Development/Preference_Programs/GSP/2009_GSP-Eligible_Products/asset_upload_file139_13437.pdf

Ardian Shabani (APC): link is not working

GSP Director Marideth Sandler: Try this

http://www.ustr.gov/Trade_Development/Preference_Programs/GSP/2009_GSP-Eligible_Products/Section_Index.html

Arianit Osmani KPEP: where can we download???

GSP Director Marideth Sandler: Hello, just look at the list to the left of this chat screen. There are several documents for you to download.

Luan Dalipi: I downloaded the GSP guidebook, and the "Frequently Asked Questions about GSP" (page 6) answers many questions Kosovo businesspeople may have. Can you provide us with a list of legal or shipping companies that may be able to organize shipments from Kosovo to US? Also, where can we find a list of trade leads from US companies about products? This way we can perhaps entice our members to match those needs. Thank you.

GSP Director Marideth Sandler: AmCham Kosovo will provide a list of available shipping companies and importers from the United States within three weeks through the AmCham office. If you need further information, please call 038-246012.

Ardian Shabani (APC): What about wild mushrooms, are they eligible under GSP? (Mushrooms, such as: Boletus (Porcini), and Chanterelle). Frozen and dried mushrooms, semi-finished.

GSP Director Marideth Sandler: It is possible that some of your dried mushrooms may be GSP-eligible depending upon the method of drying and preparation. Two categories of mushrooms are eligible for duty-free treatment under the GSP: Tariff number: 07123110 – Air dried or sun dried mushrooms of the genus Agaricus, whole, cut, sliced, broken or in powder, but not further prepared, and Tariff number: 07123910 – Air dried or sun dried mushrooms (other than that of the genus Agaricus), whole, cut, sliced, broken or in power, but not further prepared. If your dried mushrooms are

prepared in such a manner they will be GSP eligible. Frozen mushrooms from Kosovo would not be GSP eligible.

Ardian Shabani (APC): What about wild and cultivated berries, are they eligible under GSP? (Berries, such as: blueberries, blackberries, and raspberries). Frozen and dried berries, semi-finished.

GSP Director Marideth Sandler: The following berries are GSP eligible for Kosovo: Tariff number: 08112020 – Raspberries, loganberries, black currants and gooseberries, frozen, in water or containing added sweetening. Tariff number: 08112040 – Blackberries, mulberries and white or red currants, frozen, in water or containing added sweetening. Tariff number: 08134020 – Berries except barberries, dried. Tariff number: 20089920 – Berries, other than blueberries and strawberries, otherwise prepared or preserved.

Kushtrim 2: Another question I would like to pose concerns the quantity of exports that may benefit from the GSP. Namely, is there a quantity limit on the goods exported or companies can export as much as they can?

GSP Director Marideth Sandler: Yes, there is a quantity limit but it is very large and you can get a waiver to that limit. This year, the total amount of imports from Kosovo of a specific product (like frozen raspberries, for example) is \$140 million. Or, it cannot be more than 50 percent of all U.S. imports of that product.

Arianit Osmani KPEP: good, because I asked for the presentation and I was told that it was not for public dissemination!

GSP Director Marideth Sandler: It is for public dissemination - put it on websites, make copies, whatever you like!

Bulezim Azemi : I have a question in reference to origin determination. I do recall it that one criteria is value added, is there any other criteria to consider?

GSP Director Marideth Sandler: The item must be a growth, product, or manufacture of Kosovo. In addition, it is possible to receive duty-free treatment for eligible exports into the United States under the GSP Program if the final product contains foreign input.

The relevant rule requires 35 percent of the appraised value of the article must be produced or processed in the GSP beneficiary country. This means that the sum of the cost or value of materials produced in Kosovo plus the direct costs of processing must equal at least 35 percent of the product's appraised value when the product is sold for export into the United States. Imported materials can be counted toward the 35 percent value-added requirement only if they are "substantially transformed" into new and different constituent materials which are then used to produce or manufacture the eligible article to be exported. "Substantially transformed" means that U.S. customs would classify the constituent materials as different items.

Webchat Participant: Can I still receive benefits under the GSP Program if some of the raw materials needed to produce my product are imported into Kosovo from another country?

GSP Director Marideth Sandler: The relevant rule requires 35 percent of the appraised value of the article must be produced or processed in the GSP beneficiary country. This means that the sum of the cost or value of materials produced in Kosovo plus the direct costs of processing must equal at least 35 percent of the product's appraised value when the product is sold for export into the United States. Imported materials can be counted toward the 35 percent value-added requirement only if they are "substantially transformed" into new and different constituent materials which are then used to produce or manufacture the eligible article to be exported. "Substantially transformed" means that U.S. customs would classify the constituent materials as different items.

Iridon: what could Kosovo export to the U.S that the U.S probably doesn't have?

GSP Director Marideth Sandler: The U.S. is a huge market and it relies on many suppliers of the same product and of many products. It's best to focus on what you can produce in high-quality.

Dino: can you give us a list with products of your menu

GSP Director Marideth Sandler:

http://www.ustr.gov/Trade_Development/Preference_Programs/GSP/2009_GSP-Eligible_Products/Section_Index.html

CO.NX Webchat Moderator: Marideth Sandler is reviewing your questions and answering them as quickly as she can. Thank you for your patience!

Webchat Participant: What sanitary requirements must be met in order for my [insert agricultural product here] to be exported to the United States?

GSP Director Marideth Sandler: The importer must file a notice and bond with U.S. customs, who in turn will contact the U.S. Food and Drug Administration (FDA). With the exception of most meat and poultry, all food products imported to the United States are subject to examination by the FDA. All imported products must be "pure, wholesome, safe to eat, and produced under sanitary condition, informative and truthful labels in English." Answers to further sanitation procedural questions can be obtained on the FDA's import program webpage at

http://www.fda.gov/ora/import/ora_import_system.html or calls can be directed to the Division of Import Operations and Policy (DIOP) at 001-301-443-6553. Questions can also be directed to the Foreign Agricultural Service in Sofia: Hoa.Huynh@fas.usda.gov

Tahir Jakupi: what kind of materials can enter duty-free

GSP Director Marideth Sandler: what do you mean by "materials"?

Dino: is the ceramic in your menu

GSP Director Marideth Sandler: Yes, there are a number of ceramic products. Use this search on the web to find them:

Here is a very useful website that you can use to find out whether any product is eligible for GSP: http://dataweb.usitc.gov/scripts/tariff_current.asp

Webchat Participant: How can I ensure that I receive duty-free treatment on my GSP-eligible product?

GSP Director Marideth Sandler: To qualify for preferential tariff treatment under the GSP, the imported article must meet all of the following criteria:

1. The article must be designated eligible for duty-free treatment as set forth in the “Special” sub-column of the Harmonized Tariff Schedule of the United States (HTSUS);
2. The article must be from a designated beneficiary GSP country;
3. Kosovo must be eligible for GSP treatment for that article;
4. The article must meet the value-content requirements. The sum of (1) the cost or value of the materials produced in Kosovo, plus (2) the direct cost of processing operations performed in Kosovo, must be at least 35% of the appraised value of such article at the time of its entry into the customs territory of the United States;
5. The article must be imported directly into the United States from the beneficiary country or association;
6. The exporter/importer must request duty-free treatment under GSP by placing an “A”, “A*” or “A+” before the HTSUS number that identifies the imported article on the appropriate shipping documents; and
7. No article or material will be eligible for such treatment by virtue of having merely undergone simple combining or packing operations, or mere dilution with water or another substance that does not materially alter the characteristics of the article.

Irfan: Do we need to inspect our products by a specific institution here in Kosovo, before sending them to US?

GSP Director Marideth Sandler: If your product is not an agricultural or cosmetic product, it does not have to be inspected.

But if it is, the U.S. importer must file a notice and bond with U.S. customs, who in turn will contact the U.S. Food and Drug Administration (FDA). With the exception of most meat and poultry, all food products imported to the United States are subject to examination by the FDA. All imported products must be “pure, wholesome, safe to eat, and produced under sanitary condition, informative and truthful labels in English.”

Answers to further sanitation procedural questions can be obtained on the FDA’s import program webpage at http://www.fda.gov/ora/import/ora_import_system.html or calls can be directed to the Division of Import Operations and Policy (DIOP) at 001-301-443-6553. Questions can also be directed to the Foreign Agricultural Service in Sofia: Hoa.Huynh@fas.usda.gov product is not an agricultural or cosmetic item, then your product does not have to be inspected before exporting.

Ardian Shabani (APC): Can someone help me what does this mean: “Genus Agaricus?”

GSP Director Marideth Sandler: We just looked it up in google.com It is a species or type of mushroom. One website that you could find out more information is <http://www.mushroomexpert.com/agaricus.html> Also, email our U.S. agricultural expert in Sofia - Hoa.Huynh@fas.usda.gov

Arianit Osmani KPEP: okay, so the goods that fall within the GSP are 100% duty free, no VAT no other duties???

GSP Director Marideth Sandler: They will enter the U.S. duty-free. As far as VAT, Customs provides a compliance document whose purpose is to inform importers of the basic requirements of the GSP program, and how to begin to structure a system of internal controls that addresses the regulatory requirements for substantiating GSP claims. It is available at: http://www.cbp.gov/xp/cgov/import/reg_audit/archive/gsp.xml . Customs rulings are published and available on line at: <http://rulings.cbp.gov>.

Embassy Pristina: How can I confirm that my products are receiving GSP benefits upon entry into the U.S.?

GSP Director Marideth Sandler: The best way is to contact your U.S. importer. Be sure to tell your importer or buyer before they import the product to put on the U.S. Customs entry form 7501 the letter "A" in front of your product's tariff number. Look at pages 8, 9, and 10 of the PowerPoint for more information. You can download the PowerPoint's which are shown on the left of this screen.

Arianit Osmani KPEP: any suggestions how to transport the goods through what ports?

GSP Director Marideth Sandler: AmCham can give you suggestions. Thessaloniki (Greece) would be the easiest at present. It also depends on the U.S. importer's shipping arrangements into the United States.

Bulezim Azemi: Are subsidiary companies beneficiary of GSP?

GSP Director Marideth Sandler: Countries are the beneficiaries of GSP. So, GSP-eligible products from Kosovo or that at least 35% of the value has been added in Kosovo are eligible for duty-free entry into the United States. GSP is not given to specific companies. The key is whether the product is grown, manufactured or produced in Kosovo.

Arianit Osmani KPEP: I am interested to have a full list of goods that are duty free under the GSP?

GSP Director Marideth Sandler:

http://www.ustr.gov/Trade_Development/Preference_Programs/GSP/2009_GSP-Eligible_Products/Section_Index.html

Arben: In 2008, Congress signed legislation that extended the GSP program through December 31, 2009. Will the renewing process impact Kosovo?

GSP Director Marideth Sandler: GSP started in 1974. It has had to be renewed more than 10 times since then!! U.S. companies are very interested in making sure GSP is renewed because GSP provides goods to them cheaper - because there are no duties. We are working to make sure Congress renews GSP before December 31, 2009. If is NOT renewed, yes it would impact Kosovo. If there is a gap in renewal, Congress usually allows any duties paid on GSP-eligible goods to be refunded.

Embassy Pristina: Have any Kosovo companies already taken advantage of the GSP program?

GSP Director Marideth Sandler: U.S. imports from Kosovo in January 2009 totalled \$33,000 of distillate and residual fuel oil (including blends), which is not GSP-eligible from Kosovo. The February 2009 data will be available next week. You can find it out at: http://dataweb.usitc.gov/scripts/user_set.asp

Irfan Lipovica (Rubin Invest): In the GSP Guidebook it says, that, there are some limits on the amount of products that could receive GSP Benefits, are those limits (quotes) in \$ or units exported. In addition, we have wood products preparing for U.S. market, how much could those limits be?

GSP Director Marideth Sandler: Yes, there is a quantity limit but it is very large and you can get a waiver to that limit. This year, the total amount of imports from Kosovo of a specific product (like frozen raspberries, for example) is \$140 million. Or, it cannot be more than 50 percent of all U.S. imports of that product. The limits are the same for every product. There are many, many wood products that are eligible to enter the United States duty-free under GSP.

Here are some: GSP-Eligible Wood Furniture:

44209080 – Wood marquetry and inlaid wood; wooden articles of furniture: GSP eligible – 3.2% MFN Text Rate

44182080 – Doors of wood, other than French doors: GSP eligible – 4.8%

44182040 – French doors of wood: GSP eligible – 4.8%

44201000 – Wooden statuettes and other wood ornaments: GSP eligible – 3.2%

44209045 – Wooden jewelry boxes, silverware chests, microscope, tool or utensil cases, similar boxes, cases, and chests, not lined with textile fabrics: GSP eligible – 4.3%

44219030 – Wood blinds, shutters, screens and shades consisting of wooden frames in the center of which are fixed louver boards or slats: GSP eligible – 10.7%

44209080 – Wood marquetry and inlaid wood: GSP eligible – 3.2%

GSP Director Marideth Sandler: I understand that potato chips are very good in Kosovo. They are GSP-eligible: 20052000 – Potato preparations, prepared or preserved otherwise than by vinegar or acetic acid, not frozen: GSP eligible – 6.4% MFN Text rate

GSP Director Marideth Sandler: Some types of wine, too:

22041000 – Sparkling wine, made from grapes: GSP eligible – 19.8 cents/liter

22042130 – Tokay wine (not carbonated) not over 14% alcohol, in containers not over 2 liters: GSP eligible – 6.3 cents/liter

22042160 – “Marsala” wine, over 14% vol. alcohol, in containers holding 2 liters or less: GSP eligible – 5.3 cents/liter

22042180 – Grape wine, other than “Marsala”, not sparkling or effervescent, over 14% vol. alcohol, in containers holding 2 liters or less: GSP eligible – 16.9 cents/liter

22051060 – Wine of fresh grapes flavored with plants or aromatic substances, other than vermouth, in containers holding 2 liters or less: GSP eligible – 4.2 cents/liter

22059060 - Wine of fresh grapes flavored with plants or aromatic substances, other than vermouth, in containers holding over 2 liters: GSP eligible – 4.2 cents/liter
22060045 – Rice Wine or Sake: GSP eligible – 3 cents/liter
22060090 – Fermented beverages (other than grape wine, beer, cider, prune wine, s

GSP Director Marideth Sandler: Ifran, do you have a question?

GSP Director Marideth Sandler: I've also been asked about cereal. Here are types of cereal that are GSP-eligible:

19049001 – Cereals, other than corn, in grain form or form flakes or other worked grain (not flour, groat and meal), pre-cooked or otherwise prepared,

nesoi: GSP eligible – 14% MFN Text Rate. GSP saves U.S. buyers a lot of money!

GSP Director Marideth Sandler: As for flours, it depends on the product from
11022000 – Corn flour – 0.3 cents/kg
11029025 – Rice flour – 0.09 cents/kg
11029030 – Cereal flours – 12.8% (“A*” with Thailand excluded)
11029060 – Cereal flours, other than wheat or meslin, rye, corn, rice or buckwheat – 9%
11051000 – Flour, meal and powder of potatoes – 1.7 cents/kg
11062010 – Flour, meal and powder of the dried leguminous vegetables of heading 0713 – 8.3%

Embassy Pristina: If a waiver is needed to import more of my product into the U.S., how long does the waiver process take?

GSP Director Marideth Sandler: We accept petitions (requests) for waivers in November each year, and it takes until the following June for the review and decision to be made. However, during that time, the product still has eligibility for GSP. Very few products, in their first year of importation go over the limits. Some examples are biodiesel, wind turbines, and other very widely needed items. So, likely a product will not exceed the limit in the first years of its being imported

Irfan Lipovica (Rubin Invest): Yes Marideth, what about jewelries (gold and silver), it is an additional segment of our interest?

GSP Director Marideth Sandler: I'm very glad you asked this! All gold and silver jewelry is eligible for duty-free import under GSP. In addition, gold and silver-plated jewelry is, as well as imitation jewelry, beaded jewelry, and jewelry of other metals. It's a very good product to export from Kosovo which gets GSP and the United States buys lots of jewelry.

GSP Director Marideth Sandler: Fresh vegetables that are GSP-eligible include broccoli, tomatoes, onions, potatoes, cauliflower and brussel sprouts.

Examples of GSP-eligible fruits are berries, cantaloupes, watermelons and other types of melons.

Embassy Pristina: What about fresh fruits and vegetables? Are they eligible for GSP?

GSP Director Marideth Sandler: Many fresh fruits and vegetables are eligible, except for oranges, grapefruits and other citrus fruit. The challenge is the sanitary requirements that U.S. imports of fresh fruit must meet. We advise that exporters start with processed fruits and vegetables - like dried, canned, or frozen.

The way to find out about specific fruits or vegetables is to use this tool:
http://dataweb.usitc.gov/scripts/tariff_current.asp

Embassy Pristina: How about fresh, dried, canned, or frozen fish? Kosovo has trout farms.

GSP Director Marideth Sandler: Yes, many types of fish - fresh, fried, or dried, or canned are eligible. They are listed in chapter 3 of the Harmonized Tariff System of the United States. Look for the "A" in the column for special duty. Or use the link we just provided.

Ardian Shabani (APC): What about fresh fruits (berries)

GSP Director Marideth Sandler: The following berries are GSP eligible for Kosovo: Tariff number: 08112020 – Raspberries, loganberries, black currants and gooseberries, frozen, in water or containing added sweetening. Tariff number: 08112040 – Blackberries, mulberries and white or red currants, frozen, in water or containing added sweetening. Tariff number: 08134020 – Berries except barberries, dried. Tariff number: 20089920 – Berries, other than blueberries and strawberries, otherwise prepared or preserved, nesi

Irfan Lipovica (Rubin Invest): Regarding Product Promotions - Other than AmCham, do you suggest specifically any link, place, channel, way we could promote our products so that us companies would get to know about us, on other words, suggestions on the best way of how to get in touch with U.S. companies

GSP Director Marideth Sandler: Please contact Valerie Bilgri-Holm at the U.S. Embassy. 59593000 or Bilgri-HolmVK@state.gov

Ardian Shabani (APC): what about the difference between wild and cultivated berries? Are cultivated berries also eligible?

GSP Director Marideth Sandler: Yes, cultivated berries are eligible. Whether a product is eligible is based on the type of berry, not how it was grown. For further information on that, please contact the U.S. Foreign Agricultural Service representative in Sofia - Hoa.Huynh@fas.usda.gov

Embassy Pristina: Are new GSP-eligible products added to the list every year?

GSP Director Marideth Sandler: Very few. Since the program has been in operation for over 40 years, there are already 3400 different types of products eligible. But, we welcome requests for new products. These requests - called petitions - are due to us by mid-June.

GSP Director Marideth Sandler: Do you have any more questions?

eljana 2: There is a potential to export a several types of gourmet cheese (goat cheese), however being that this type of cheese is mainly produced by small family owned farms, in general it has no quality certification, would it be possible to export this type of cheese without that certification

GSP Director Marideth Sandler: Not many cheeses are eligible for export into the United States under GSP. I would recommend using the toolis website to find out if goat cheese is eligible: http://dataweb.usitc.gov/scripts/tariff_current.asp Goat cheese is not eligible for GSP but here is the tariff number and the tariff is 4.2%.04069020 Brief Description Gjetost cheese from goat's milk, whey or whey obtained from a mixture of goat's & n/o 20% cow's milk, not grated, powdered or processed

GSP Director Marideth Sandler: But other types of cheese are, like romano, reggiano, provolone, goya cheeses from cow's milk.

GSP Director Marideth Sandler: Any more questions you would like us to answer?

Arianit Osmani KPEP: Thanks Marideth for all the useful information, I have no more questions.

GSP Director Marideth Sandler: You're welcome, Arianit!

Irfan Lipovica (Rubin Invest): Thanks Marideth, really helpfull informations

GSP Director Marideth Sandler: You're very welcome, Irfan. We look forward to receiving products from Kosovo. Wood products would be most welcome!

Embassy Pristina: Thanks, Marideth, from the U.S. Embassy in Pristina! We've enjoyed the webchat and learned a lot ourselves.

GSP Director Marideth Sandler: It's great to work together. If anyone has more questions, please email Valerie and she will pass the questions on to us. Signing off!

This information will also be available for awhile on this website and also on the USTR website and through Embassy Pristina, too.

CO.NX Moderator (Mark): The Webchat is now closed.