

# Myanmar and the U.S. Generalized System of Preferences (GSP) Program

## What is GSP?

The U.S. GSP program promotes economic growth in the developing world by providing duty-free entry to the U.S. market for goods imported from designated beneficiary developing countries. As a least developed beneficiary country of GSP, Myanmar may export almost 5,000 different products to the United States duty-free. (This is in addition to the 3,800 products such as coffee and many seafood products that are duty-free for all countries.) U.S. companies and customers benefit from the GSP program because the products that they purchase under GSP are exempt from import tariffs, which can range between two percent to 20 percent of the items' cost. U.S. businesses imported \$17.7 billion worth of products under the GSP program in 2015.

Many items are eligible for GSP duty-free treatment. These include: most manufactured items, including certain luggage and backpacks, handbags and tote bags, wallets and other pocket goods; inputs used in manufacturing; jewelry; many types of carpets; certain agricultural and fishery products; and many types of chemicals and minerals. Among the products that are not eligible for GSP duty-free treatment are most textiles and apparel; watches; most footwear; and certain other products.

## How does an import from Myanmar receive GSP duty-free treatment?

A GSP-eligible import must meet the following requirements:

- Must be included on the list of GSP-eligible articles (this list can be found on the U.S. Trade Representative website: <http://www.ustr.gov/trade-topics/trade-development/preference-programs/generalized-system-preferences-gsp/gsp-program-i-0>);
- Must be imported into the United States directly from Myanmar;
- Must be the growth, product, or manufacture of Myanmar, with the cost of the materials from Myanmar or certain other ASEAN GSP suppliers (Cambodia, Indonesia, Thailand, Philippines) plus the cost of processing equal to at least 35 percent of the product's sales price:
  - Imported materials may count toward that 35 percent only if those materials undergo a "double substantial transformation" which means that the imported item is transformed into a new and different article, which is then incorporated into a finished product in Myanmar.
- **MOST IMPORTANTLY:** The importer must claim GSP duty-free treatment by placing an "A," or "A+"<sup>1</sup> in front of the U.S. tariff line (HTSUS) number that identifies the imported article on Customs and Border Protection (CBP) entry documentation.

Producers and exporters should keep records that describe the production process and costs of production of each good exported under GSP. CBP has the authority to ask an importer or producer to provide records to prove that the export is eligible for GSP duty-free treatment.

## Myanmar's Use of GSP Preferences

Myanmar became a beneficiary of the GSP program on November 13, 2016. The leading imports in 2015 from Myanmar of products that are now GSP eligible were 1) travel goods such as luggage, backpacks, tote

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<sup>1</sup> "A" products are eligible for GSP duty-free treatment by all beneficiaries; A+ products are eligible for GSP just by least-developed beneficiaries, including Myanmar; A\* products are those for which certain GSP beneficiary countries have become ineligible for GSP duty-free treatment. There are no A\* restrictions on imports from Myanmar.

bags, handbags, wallets 2) dried beans and peas, 3) aluminum articles 4) honey 5) preserved fruits and vegetables.

There are undoubtedly many more products that Myanmar will be able to export to the US under GSP in the future. Below are GSP eligible items for which more than \$1 million dollars was exported just in that 8 digit Harmonized Tariff Line.

8 Digit Harmonized Tariff Line Number	2015 exports to the United States	Product Brief description	Duty rate for non-GSP countries
42029215	\$5,681,490	Travel, sports and similar bags with outer surface of cotton, not of pile or tufted construction	6.30%
42029245	\$5,274,859	Travel, sports and similar bags with outer surface of plastic sheeting	20.00%
42029230	\$3,810,123	Travel, sports and similar bags with outer surface of other textile materials	17.60%
42029100	\$3,312,754	Cases, bags and containers nesi, with outer surface of leather, of composition leather	4.50%
42022215	\$3,251,184	Handbags, with or without shoulder straps or without handle, with outer surface of sheeting of plastics	16.00%
04090000	\$2,672,431	Natural honey	1.9 cents/kg
42022190	\$2,493,957	Handbags, with or without shoulder strap or without handle, with outer surface of leather, composition or patent leather, nesi, over \$20 ea.	9.00%
07133140	\$1,721,890	Dried beans, shelled, if entered September 1 through the following April 30, or withdrawn for consumption at any time	0.3 cents/kg
07134020	\$1,261,281	Dried lentils, shelled	0.15 cents/kg
42023160	\$1,026,181	Articles of a kind normally carried in the pocket or handbag, with outer surface of leather, composition or patent leather, nesi	8.00%

### For More Information

The GSP Guidebook: <https://ustr.gov/sites/default/files/GSP-Guidebook-September-16-2016.pdf>

The U.S. Harmonized Tariff System: <https://hts.usitc.gov/> or

<https://www.usitc.gov/tata/hts/archive/index.htm>

Lists of GSP-eligible products: <https://ustr.gov/issue-areas/trade-development/preference-programs/generalized-system-preferences-gsp/gsp-program-i-0>

CBP import procedures information: <https://www.cbp.gov/trade>

Record-keeping requirements: <https://www.cbp.gov/trade/trade-community/outreach-programs/entry-summary/recordkeeping>

Sample CBP Entry Form 7501:

[https://www.cbp.gov/sites/default/files/documents/CBP%20Form%207501\\_0.pdf](https://www.cbp.gov/sites/default/files/documents/CBP%20Form%207501_0.pdf)