



## The American Chamber of Commerce in Jordan

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# General System of Preferences (GSP)

*Fact Sheet, last update: June 2009*

### Overview

- The U.S. GSP is a program designed to promote economic growth in the developing world. It provides duty-free entry for more than 4,900 products from 132 designated beneficiary developing countries (BDCs) and least developed beneficiary developing countries (LDBDCs).
- The program was instituted on Jan 1, 1976 and authorized under the U.S. Trade Act of 1974 to run for a period of 10 years. It occasionally expires and must be renewed by Congress to remain in effect. The list of countries and exclusions, as well as the list of GSP-eligible articles change from time to time over the life of the program. The GSP Program is currently authorized through December 31, 2009.

### Article and Country Eligibility

- The U.S. GSP eligibility list contains a wide range of products classifiable under more than 4,900 different subheadings in the Harmonized Tariff Schedule of the United States.
- A GSP-eligible import meets the following requirements:
  1. It must be included in the list of GSP-eligible articles;
  2. It must be imported directly from a designated beneficiary developing country (BDC) or association;
  3. The BDC or association must be eligible for GSP treatment for that article;
  4. The article must be the growth, product, or manufacture of a BDC and must meet the value-added requirements;
  5. The exporter/importer must request duty-free treatment under GSP by placing an "A" before the HTSUS number that identified the imported article on the appropriate shipping documents.
- Articles eligible for GSP treatment are identified in the current edition of the Harmonized Tariff Schedule of the United States (HTSUS), which is published by the U.S. International Trade Commission.
- The Eligibility list includes most dutiable (semi-)manufactures, agricultural, fishery and primary industrial products. Articles like textiles, watches, footwear and leather products are not eligible for the GSP Program. In addition, any other article determined to be import-sensitive cannot be made eligible for GSP. In this regard, the GSP law specifically cites steel, glass, and electronics.
- The HTSUS tariff lines identifies three different variations in the treatment given to GSP articles. Articles, marked by the letter **A**, are GSP-eligible for Jordan and all other BDCs. Articles, marked by the letter **A+** are GSP-eligible only for LDBDCs and articles marked by the letter **A\*** are GSP-eligible, except for imports from one or more specific BDCs that have lost GSP eligibility for that article. Imports of GSP-eligible articles from BDCs or LDBDCs are all duty-free.
- The U.S. Government conducts an annual review of the list of articles and countries eligible for duty-free treatment. Any person can apply for a request to modify the list of countries eligible for GSP treatment. However, only a party with significant economic interest may petition for modifications to the list of articles eligible for GSP treatment.
- Jordan main exports to the US under the GSP are articles of jewelry, electrical machinery and preparations of vegetables. During 2008, total exports under GSP were over \$16 million.