

Ukraine 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 GSP beneficiary country, Ukraine may export over 3,500 different products to the United States duty-free. This is in addition to the 3,800 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 \$23.9 billion worth of products under the GSP program in 2018.

Items that are eligible for GSP duty-free treatment include: most manufactured items; 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 Ukraine receive GSP duty-free treatment?

A GSP-eligible import must meet the following requirements:

- Must be included on the list of GSP-eligible articles (<https://ustr.gov/issue-areas/trade-development/preference-programs/generalized-system-preferences-gsp/gsp-program-i-0>);
- Must be imported into the United States directly from Ukraine;
- Must be the growth, product, or manufacture of Ukraine, with the cost of the materials from Ukraine 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, and then this new article is incorporated into a finished product in Ukraine.
- **MOST IMPORTANTLY:** The importer must claim GSP duty-free treatment by placing an "A," 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.

More Information:

The GSP Guidebook: https://ustr.gov/sites/default/files/IssueAreas/gsp/GSP_Guidebook-December_2019.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>

Recordkeeping Requirements: https://www.cbp.gov/sites/default/files/assets/documents/2016-Apr/icp027_3.pdf

Ukraine's Use of GSP Preferences

In 2018, the United States imported \$1.3 billion from Ukraine, of which \$51 million entered duty-free through GSP, and \$945 million entered duty-free under MFN tariff rates. The leading import in 2018 from Ukraine under GSP was chocolates.

Effective October 30, 2019, Ukraine's GSP benefits were partially restored following the April 2018 partial suspension of these benefits for failure to provide adequate and effective protection of IP rights. Ukraine made progress in providing adequate and effective protection of intellectual property rights, and the United States restored GSP benefits to [138 tariff lines](#) while continuing the suspension of nine tariff lines.

The leading 10 imports in 2018 from Ukraine that were eligible for GSP are as shown below:

HTSUS Number	Non-GSP Duty Rate	Brief Description	GSP 2018 Imports
1806.31.00	5.6%	Chocolate and other cocoa preparations, in blocks, slabs or bars, filled, not in bulk	\$ 15,448,767
2804.29.00	3.7%	Rare gases, other than argon	\$ 7,226,014
3206.11.00	6.0%	Pigments & preparations based on titanium dioxide containing 80 percent or more by weight	\$ 7,194,063
4409.29.06	3.2%	Other nonconiferous wood, continuously shaped along any ends, whether or not also continuously shaped	\$ 5,370,983
8516.71.00	3.7%	Electrothermic coffee or tea makers, for domestic purposes	\$ 1,795,524
8108.90.60	15.0%	Titanium, wrought nesoi	\$ 968,128
4011.10.10	4.0%	New pneumatic radial tires, of rubber, of a kind used on motor cars (including station wagons and racing cars)	\$ 951,921
8531.90.90	0.3%	Parts of electric sound or visual signaling apparatus, nesoi	\$ 827,262
9013.10.30	1.4%	Telescopic sights for rifles designed for use with infrared light	\$ 669,808
7326.90.86	2.9%	Iron or steel, articles, nesoi	\$ 663,600

The table below provides examples of Ukraine exports for which importers could have potentially claimed GSP duty-free treatment:

HTSUS Number	Non-GSP Duty Rate	Brief Description	GSP-Eligible 2018 Imports - Total	GSP-Eligible 2018 Imports - Claimed
1806.31.00	5.6%	Chocolate and other cocoa preparations, in blocks, slabs or bars, filled, not in bulk	\$ 16,692,589	\$ 15,448,767
2804.29.00	3.7%	Rare gases, other than argon	\$ 7,654,226	\$ 7,226,014
3206.11.00	6.0%	Pigments & preparations based on titanium dioxide containing 80 percent or more by weight	\$ 7,774,581	\$ 7,194,063
8544.30.00	5.0%	Insulated ignition wiring sets and other wiring sets of a kind used in vehicles, aircraft or ships	\$ 5,837,282	\$ 0
8108.90.60	15.0%	Titanium, wrought nesoi	\$ 2,656,279	\$ 968,128
7610.10.00	5.7%	Aluminum, doors, windows and their frames and thresholds for doors	\$ 447,484	\$ 231,273
2923.20.20	5.0%	Lecithins and other phosphoaminolipids, nesoi	\$ 620,192	\$ 131,517