



U.S. Trade Representative (USTR) Results of Annual GSP Review for 2009 Signed by the USTR on June 30, 2010

Dear Valued Customers:

James J. Boyle & Co. (JJB) would like to inform its customers that the U.S. Trade Representative has issued a press release announcing the outcome of the 2009 Generalized System of Preferences Product and Country Eligibility Practices Review; the 2009 Annual GSP Review.

The Generalized System of Preferences (GSP) is a program designed to promote economic growth in the developing world by providing preferential duty-free entry for approximately 4,800 products from approximately 131 designated beneficiary countries and territories. In late December 2009, the GSP program was extended for one year and will expire December 2010 unless extended.

The Proclamation to amend the Harmonized Tariff Schedule to implement the changes resulting from the 2009 Annual GSP Review was signed on June 30, 2010. Its Annexes containing full details and effective dates are not yet available, nor has it been published in the Federal Register. Annual GSP Review changes usually take effect on July 1 of each year.

The following 5 country/tariff number pairs are expected to be removed from GSP eligibility, as they are now sufficiently competitive in the U.S. market:

1. **1605.20.05** **Thailand:** **Shrimp and prawn products containing fish meat; prepared meals of shrimp or prawns**
2. **4011.10.10** **Thailand:** **New pneumatic radial tires, of rubber, of a kind used on motor cars**
3. **4409.29.05** **Brazil:** **Non-coniferous wood continuously shaped along any of its ends**
4. **7113.19.21** **India:** **Gold rope necklaces and neck chains**
5. **7113.19.25** **India:** **Gold mixed link necklaces and neck chains**

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The USTR also indicates that the following products are expected to be newly eligible for GSP duty-free treatment from any beneficiary country:

1. **0710.22.40 Beans, uncooked or cooked by steaming or boiling in water, frozen, reduced in size**
2. **0710.90.91 Mixtures of vegetables, uncooked or cooked by steaming or boiling in water, frozen**

The USTR has denied a petition to remove sleeping bags, not containing 20% or more by weight of feathers and/or down (HTS 9404.30.80), from GSP eligibility for all countries.

The Annual Review also involved an analysis of petitions to withdraw or limit a country's GSP benefits for not meeting GSP eligibility criteria; i.e. the extent to which a country provides adequate and effective protection of intellectual property rights, and whether it provides important investor protections including enforcement of arbitral rights, and whether it is taking steps toward internationally recognized worker rights.

The USTR accepted petitions to review whether Sri Lanka met GSP eligibility criteria related to worker rights and Argentina related to enforcement of arbitral awards. Several other countries remain under review of whether they meet eligibility criteria; Lebanon, Russia and Uzbekistan regarding Intellectual Property Rights protection and Bangladesh, Niger, the Philippines and Uzbekistan regarding worker rights.

James J. Boyle & Co. (JJB) would like to remind its valued customers that in order to qualify for GSP, the following requirements must be met:

- The imported goods must come to the United States directly from the GSP-eligible country; the direct shipment requirements are codified in 19 CFR 10.174 and 10.175 of the Customs regulations.
- The imported goods must be wholly the growth, product, or manufacture of the Beneficiary Developing Country (BDC), or a new or different article of commerce that has been grown, produced, or manufactured in a BDC, as stated in 19 CFR 10.176 (a).
- The imported goods must meet the value content requirements of 19 CFR 10.176 through 10.178. GSP merchandise that is not wholly the growth, product, or manufacture of a BDC may be accorded duty-free treatment only if the direct costs of processing performed in the BDC plus the cost or value of materials produced in the BDC is not less than 35 percent of the appraised value.
- GSP eligibility status of any product must be reviewed annually or for each production.



- The origin of articles that are wholly the growth, product, or manufacture of the BDC must be supported by documentation as described in the Customs regulations.
- Articles which are claimed GSP eligible under the 35 percent direct processing costs provision requires evidence of the foreign manufacturing costs.
- Documentation and records supporting the GSP claims must be verifiable by linkage to inventory and accounting records, including summary records such as monthly production reports and accounts payable records, or other alternative recordkeeping sources and maintained no less than 5 years from the date of importation into the USA.
- Failure to produce evidence for eligibility upon demand may result in repayment to CBP of duties retroactively for the statutory period of 5 years, plus interest, plus substantial potential penalties for negligence, gross negligence or fraud.
- JJB requires its customers to provide instructions in writing attesting to GSP eligibility and that the customer can provide proof of eligibility to Customs upon demand, or no claim will be made on behalf of the customer.

We thank you very much for your time and should you require any assistance or if you have any questions, please consult with your local James J. Boyle & Co. office listed below.

Seifu Togo	San Francisco	stogo@jjboyle.com	(650)871-6334 ext. 3105
Kent Sunakoda	Los Angeles	ksunakoda@jjboyle.com	(323)263-8100 ext. 327
Lisa Whiles	Portland	lwhiles@jjboyle.com	(503)284-0909 ext. 120
Barbara Osborn	Seattle	bosborn@jjboyle.com	(206)447-9580 ext. 106
Terrence Yeung	Atlanta	tyeung@jjboyle.com	(404)968-4700 ext. 106
Ingrid Thebault	Dallas	ithebault@jjboyle.com	(817)722-1377



James J. Boyle & Co.
www.jjboyle.com

U.S.: San Francisco / Los Angeles / Portland / Seattle / Atlanta / Dallas
 China: Shanghai / Shenzhen / Hong Kong / Tianjin / Xiamen / Dalian / Qingdao / Beijing
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