GENERAL AGREEMENT ON TARIFFS AND TRADE

GENERALIZED SYSTEM OF PREFERENCES

Notification by the United States

Addendum

With regard to the conversion of tariff items covered by the US GSP scheme, the delegation of the United States has provided the following information.

My authorities have instructed me to notify the enclosed Federal Register notice announcing initiation of a review of the proposed conversion of the Generalized System of Preferences (GSP) to the Harmonized System tariff nomenclature. The notice indicates that, as part of the conversion process, the Trade Policy Staff Committee is publishing for public comment the proposed conversion.

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Generalized System of Preferences (GSP); Publication of the Proposed Conversion of the GSP Program to the Harmonized System Tariff Nomenclature

Summary

The purpose of this notice is to announce the initiation of a review of the proposed conversion of the Generalized System of Preferences (GSP) program to the Harmonized System tariff nomenclature. The GSP offers preferential duty-free entry to certain products identified in the Tariff Schedules of the United States (TSUS) from 141 designated beneficiary developing countries and territories. The program was instituted on January 1, 1976, and was authorized under the Trade Act of 1974 (19 U.S.C. 2461-2465) for a ten-year period. The program was renewed through July 4, 1993 by the Trade and Tariff Act of 1984.

The Harmonized System tariff nomenclature is a new international product nomenclature developed under the auspices of the Customs Cooperation Council (CCC) for the purpose of classifying goods in international trade. The Harmonized System is expected to be implemented by the United States and internationally on January 1, 1988, and will replace the current TSUS.

Product eligibility under the GSP program is currently defined in terms of the five-digit TSUS classifications. Therefore, to implement the new Harmonized System tariff nomenclature effective January 1, 1988, the description of each GSP-eligible article must be converted from the current TSUS nomenclature to the Harmonized System tariff nomenclature. As part of that conversion process, the Trade Policy Staff Committee (TPSC) is publishing for public comment a proposed conversion of GSP-eligible items to the Harmonized System tariff nomenclature.

The Harmonized System Tariff Nomenclature

The Harmonized System is a new international product nomenclature which has been developed under the auspices of the Customs Cooperation Council (CCC) and will be used on an international basis in the classification, description, and coding of goods for customs purposes, for the collection of statistical data on imports and exports and for the documentation of transactions in international trade. The Harmonized System will be
implemented by way of an international convention that obligates Contracting Parties to use the six-digit Harmonized System nomenclature as the basis for their national customs tariff and statistical nomenclature for imports and exports.

The United States participated in the technical work of developing the Harmonized System in accordance with section 508(c) of the Trade Act of 1974. The United States and many other countries plan to implement the Harmonized System on January 1, 1988. Under the Harmonized System, international trade will be conducted under a common scheme for the description and coding of goods for customs purposes and the gathering of statistical data on exports and imports, as opposed to the numerous and diverse national tariff nomenclature systems now operating. The United States will set tariffs at the eight-digit level.

The Harmonized System and the GSP Program

Under the current TSUS, there are approximately 3,000 five-digit tariff schedule items, each encompassing one or more products, that are eligible for the GSP program. Because the entire TSUS is expected to be replaced by the Harmonized System effective January 1, 1988, these descriptions of GSP-eligible items must be replaced by descriptions of GSP eligibility stated in terms of the new Harmonized System tariff nomenclature.

The Conversion of the GSP Program to the Harmonized System

The TSUS and the Harmonized System are very different. For instance, products in a GSP-eligible TSUS item may be classified in several different Harmonized System subheadings. Not withstanding these differences, the overall goal of converting the GSP program to the Harmonized System is that the conversion should be as "trade neutral" as possible. In other words, within the limits of sound nomenclature principles, products that are GSP-eligible should remain GSP-eligible and products that are not GSP-eligible should remain ineligible.

A proposed new tariff schedule based on the Harmonized System tariff nomenclature has been approved by the TPSC and is now available for public inspection and comment. This document (known as the October, 1986 Conversion of the TSUS into the Harmonized System, Revised) is available from the United States International Trade Commission (USITC) in Washington, D.C. and Commerce Department District Offices. In addition, a concordance and statistical documentation on proposed GSP-eligible articles in the new TSUS based on the Harmonized System and an explanatory note to facilitate an understanding of the documentation are available for review at the USITC in Washington, D.C., at certain U.S. Commerce Department District Offices around the United States and for purchase from the National Technical Information Service (NTIS). The addresses and phone numbers of the USITC, U.S. Department of Commerce District Offices and NTIS are located in the Annex 1 of this notice.

Development of the proposed conversion involved an analysis of GSP-eligible products in the current TSUS and their likely classification or subheading in the new Harmonized System. In most cases, it was found that Harmonized System subheadings involving trade currently in GSP-eligible TSUS items did not involve any trade currently classified in non-GSP-eligible items. However, in some cases it was found that currently GSP-eligible products are mixed with non-GSP-eligible products in a Harmonized System tariff nomenclature subheading. In these cases, judgments had to be made as to the appropriate disposition of the relevant products with respect to the GSP program. The TPSC made every effort, including the creation of new tariff subheadings, to carry over unchanged into the Harmonize System current GSP product coverage, wherever possible.

The proposed conversion does not attempt to address country eligibility due to competitive need limits or the President's policy of discretionary graduation. Decisions on competitive need limits cannot be made until trade data for 1987 have been received and converted from the TSUS format to that of the Harmonized System. However, as described below, data will be made available based on earlier years for parties wishing to estimate what products/countries might be subject to competitive need limits. No judgments on how to carry over country eligibility due to the President’s policy of discretionary graduation to the Harmonized System will be made until advice has been received through this review.

Prior to the implementation of the Harmonized System on January 1, 1988, the final version of the new TSUS based on the Harmonized System tariff nomenclature will be published. Included in the new TSUS, as is the case in the current TSUS, will be certain articles identified as GSP-eligible. In preparing their final recommendations to the President on the disposition of GSP-eligible articles in the new TSUS, the TPSC will take into account those comments received during the public comment period and advice from the U.S. International Trade Commission.

Comments

In keeping with the overall goal of accomplishing as "trade neutral" a conversion of the GSP program to the new Harmonized System with nomenclature as possible, public comments are invited on the proposed conversion. Comments from interested parties should address apparent changes in the status of particular products with respect to their GSP eligibility. This would include instances where articles are GSP eligible or ineligible but as a result of the proposed conversion to the Harmonized System this would apparently no longer be the case. Comments on apparent changes in GSP country eligibility or ineligibility for products as a result of the classification of articles in the proposed Harmonized System and its impact on the application of competitive need limits are also welcome. Advice is invited on the conversion of country and product ineligibility resulting from the President's policy of discretionary graduation to the Harmonized System.

Advice is also invited on the conversion of the results of the General Review in terms of findings of "sufficient competitiveness" and the granting of competitive need waivers under the Harmonized System. Decisions on the General Review will be announced by January 4, 1987. Parties wishing to request that the removal of products not currently eligible, the removal of products currently eligible from the program or the product-specific graduation of countries should reserve such requests for the GSP annual reviews. The next annual review will commence on June 1, 1987, with the deadline for the acceptance of petitions requesting modifications in the GSP program.

To facilitate constructive public review and comment on the proposed conversion, supporting documentation is available. The documentation comprises a concordance of proposed GSP-eligible Harmonized System tariff schedule subheadings to the current TSUS, a concordance of GSP related TSUS items, including all currently GSP eligible items, to the Harmonized System tariff nomenclature and estimates of bilateral and world trade and import data under the Harmonized System GSP items. This documentation is designed to aid interested parties in making informed judgements as to where products of...
particular interest in the current TSUS will likely be classified in the Harmonized System and their proposed disposition with respect to the GSP program. The accompanying import data are intended to provide an estimate of the likely import values in tariff schedule categories on a global and bilateral basis, for the years 1981 through 1983, if the Harmonized System tariff nomenclature had been implemented by the United States. An explanatory note accompanies the documentation to help answer questions that may arise as to its interpretation.

Submission of Written Comments

All written comments with regard to the proposed conversion of the GSP program to the Harmonized System should be addressed to: GSP Subcommittee, Office of the United States Trade Representative, Room 517, 800 17th Street, NW., Washington, DC 20506. Written comments will be accepted if submitted in twenty copies in English. If the comments contain business confidential information, twenty copies of a non-confidential version of the comments along with a letter asking for the confidential version must be submitted. A justification as to why the information contained in the submission should be treated confidentially must be included in the submission. In addition, the submission containing confidential information should be clearly marked "confidential" at the top and bottom of each and every page of the submission. The version that does not contain business confidential information (the public version) should also be clearly marked at the top and bottom of each and every page "public version" or "non-confidential."

Deadlines for Written Comments and Rebuttal Period

All written comments must be received no later than close of business, Monday, March 16, 1987 by the GSP Subcommittee at the address listed above. Rebuttal comments must be received by no later than close of business, Monday, May 11, 1987 by the GSP Subcommittee at the address listed above. Comments should identify the party or parties commenting, provide a detailed description of the product or products of concern (including the proposed Harmonized System subheading and the current TSUS category) the party's interest in the product, and detailed information on the impact of the change of particular concern.

Written comments submitted in connection with the conversion of the GSP program to the Harmonized System will be subject to public inspection by appointment only with the staff of the GSP Information Center, except for information located in Annex 3. "Business confidential" status pursuant to 15 CFR 2003.6 and 15 CFR 2006.10. The GSP Information Center is located in the Office of the United States Trade Representative at the address listed above. The GSP Information Center can be contacted at (202) 395-6971.

The Availability of Documentation

The documentation discussed above in the section entitled "Comments" is available for review at a number of locations, both in Washington, DC and around the United States in certain U.S. Commerce Department District Offices. As noted above in the section entitled "Comments," the documentation includes an explanatory note to help answer questions that may arise in a review of the documentation. Those locations which have the documentation should be contacted with requests to review the documentation during normal business hours. The addresses and phone numbers of those locations which have the documentation and the proposed TSUS based on the Harmonized System are available for review at a number of locations around the United States in certain U.S. Commerce Department District Offices. A review of the documentation is included in the section entitled "Comments," the documentation includes an explanatory note to help answer questions that may arise in a review of the documentation. Those locations which have the documentation should be contacted with requests to review the documentation during normal business hours. The addresses and phone numbers of those locations which have the documentation and the proposed TSUS based on the Harmonized System are available for review at a number of locations around the United States in certain U.S. Commerce Department District Offices.

Additional Information

Questions concerning: (1) The classification of an article or articles in the Harmonized System tariff nomenclature or any other questions concerning the classification of articles, or (2) questions involving the interpretation of the documentation available, should be addressed to the United States International Trade Commission, Office of Tariff Affairs and Trade Agreements. Janis Summers for General Documentation: (202) 523-0328

Ronald Heller for Harmonized System (HS) Chapters 1-24 and 44-49: (202) 523-0206

David Beck for HS Chapters 25, 27-40 and 65-71: (202) 523-0325

Larry DiRicho for HS Chapters 26, 64, 72-83 and 86-89: (202) 523-4953

Thomas Divers for HS Chapters 41-43, 61-63 and 93-97: (202) 523-5698

Larry Clayton for HS Chapters 50-90: (202) 523-0239

Craig Houser for HS Chapters 84, 85, 90-92, 98 and 99: (202) 523-0197

Questions concerning the possible classification of an article or articles in the Harmonized System tariff nomenclature or the current TSUS can also be addressed to the Classification and Value Division, Office of Regulations and Rulings, U.S. Customs Service at (202) 566-5868.

All other questions can be directed to the GSP Information Center, Office of the United States Trade Representative at (202) 395-6971.

Advice of the United States International Trade Commission (USITC)

The USITC in the near future will be asked to conduct an investigation and provide its advice on the probable economic effects of the conversion of the GSP program to the Harmonized System tariff nomenclature on United States industries producing like or directly competitive articles and on consumers.

Donald M. Phillips,
Chairman, Trade Policy Staff Committee.

Annex 1

Commerce Department District Offices:

1. Atlanta, Georgia, Suite 504, 1365 Peachtree Street, NE., 30309, (404) 881-7000.

2. Boston, Massachusetts, World Trade Center, Boston Commonwealth Place, Suite 307, 02210, (617) 223-3212.


4. Dallas, Texas, Room 7A5, 1100 Commerce Street, 75242, (214) 767-0542.


6. Detroit, Michigan, 1140 McNamara Building, 477 Michigan Avenue, 48226, (313) 228-1569.


8. Kansas City, Missouri, Room 635 601 East 12th Street, 64106, (816) 374-3142.


12. Portland, Oregon, Room 612, 1220 S.W. 3rd Avenue, 97204, (503) 221-3001.

13. San Francisco, California, Room 15205 Federal Building, Box 36013, 450 Golden Gate Ave., 94101, (415) 556-5600.


National Technical Information Service office for purchase of documentation:

Document Sales, National Technical Information Service (NTIS), 5155 Port Royal Road, Springfield, Virginia 22161, (703) 487-4650.

When ordering documentation ask for: PB87-122180. GSP-HS Conversion Documentation.

Office of the U.S. International Trade Commission where explanatory documentation can be reviewed: