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**General Council  
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## **TRADE PREFERENCES FOR NEPAL**

### **REPORT OF THE GOVERNMENT OF THE UNITED STATES UNDER THE DECISION OF 7 DECEMBER 2016<sup>1</sup>**

The following communication, dated 17 October 2022, is being circulated at the request of the delegation of the United States.

## **1 INTRODUCTION**

1.1. On 7 December 2016, the United States was granted a waiver from its obligations under paragraph 1 of Article I of the GATT 1994 to the extent necessary to permit the United States Government to provide preferential treatment for eligible imports into the United States from Nepal. This waiver expires 31 December 2025.

1.2. Under the terms of this waiver, the United States is required to submit to the General Council an annual report on the implementation of the trade-related provisions of the programme with a view to facilitating the annual review provided for in paragraph 4 of Article IX of the Agreement establishing the WTO.<sup>2</sup> This report covers calendar year 2021, the most recent year for which full-year data is available, and data for the first seven months of 2022.

## **2 DUTY FREE TREATMENT UNDER THE PREFERENCES FOR NEPAL**

2.1. Section 915 of the Trade Facilitation and Trade Enforcement Act of 2015 ("the Act") provides for non-reciprocal preferential trade benefits through 31 December 2025 for certain US imports from Nepal that meet specific eligibility criteria. These preferences are provided to assist Nepal in its recovery from a devastating earthquake and aftershocks in April 2015. Since 1976, the United States has granted tariff preferences to developing countries, including Nepal, under the Generalized System of Preferences (GSP) program. Section 915 of the Act expands these tariff preferences to make an additional 77 eight-digit tariff lines eligible for duty-free treatment if the President determines that certain eligibility requirements are met. The trade preferences were implemented on 15 December 2016.

2.2. Section 915(e) of the Act requires the President to monitor, review, and report to Congress on the compliance of Nepal with the eligibility requirements in subsection (b)(1). Under section 915(b)(2) of the Act, the President may withdraw, suspend, or limit preferential treatment to Nepal if Nepal does not meet the eligibility criteria.

2.3. Trade preferences for Nepal build on an existing framework of programs intended to assist Nepal's economic development. In particular, the United States and Nepal signed a Trade and Investment Framework Agreement (TIFA), which entered into force in April 2011. The main

<sup>1</sup> WT/L/1001.

<sup>2</sup> Marrakesh Agreement Establishing the World Trade Organization (WTO), consulted at: [https://www.wto.org/english/docs\\_e/legal\\_e/04-wto\\_e.htm](https://www.wto.org/english/docs_e/legal_e/04-wto_e.htm).

objectives of the TIFA are to expand trade, investment, and technical cooperation, and to strengthen economic relations between the parties.

### **3 PERFORMANCE**

3.1. The US implemented trade preferences for Nepal on 15 December 2016. In 2021, total US imports from Nepal were US\$107.8 million, and total US exports to Nepal were US\$196.6 million, mostly concentrated in oil seeds; grains, fodder and animal feed as well as machinery, mechanical appliances, and pharmaceutical products.<sup>3</sup> Between January 2021 and July 2022, US imports under the Nepal preferences were approximately \$6.5 million.

3.2. The three largest categories of goods entering the United States under the preference program were travel, sports, and similar bags; carpets and other textile floor coverings; hats and headgear. The following table includes data on US imports under Nepal preference provisions for 2021 and the first seven months of 2022.

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<sup>3</sup> Consulted at: <https://dataweb.usitc.gov>.

TABLE 1

LEADING US IMPORTS FOR CONSUMPTION UNDER NEPAL PREFERENCE PROVISIONS,  
2021 AND 2022 YTD (THROUGH JULY)

HTS number	Description	2021	2022 YTD (through July)
		Value (1,000 dollars)	
4202.92.15	Travel, sports and similar bags with outer surface of cotton, not of pile or tufted construction	1,217.9	1,181.0
5701.10.90	Carpets and other textile floor coverings, of wool or fine animal hair, not hand-hooked, not hand knotted during weaving	489.3	143.0
6505.00.30	Hats and headgear, of wool, knitted or crocheted or made up from knitted or crocheted fabric	416.3	134.0
6214.20.00	Shawls, scarves, mufflers, mantillas, veils and the like, not knitted or crocheted, of wool or fine animal hair	297.5	82.4
4202.92.39	Travel, sports and similar bags with outer surface of textile materials other than MMF, paper yarn, silk, cotton	273.2	126.7
4202.22.45	Handbags with or without shoulder strap or without handle, with outer surface of cotton, not of pile or tufted construction or braid	199.1	188.7
6505.00.40	Hats and headgear, of wool, made up from felt or of textile material, not knitted or crocheted or made up from knitted or crocheted fabric	159.1	68.2
4202.92.20	Travel, sports and similar bags with outer surface of vegetable fibers, excl. cotton, not of pile construction	120.6	152.6
5702.49.20	Carpets & other textile floor coverings of pile construction, woven, not tufted or flocked, made up, of other textile materials nesoi	112.5	21.4
4202.22.89	Handbags with or without shoulder strap or without handle, with outer surface of textile materials nesoi	89.6	56.7
4202.32.40	Articles of a kind normally carried in the pocket or handbag, with outer surface of cotton, not of pile or tufted construction	65.5	37.3
4202.29.50	Handbags w. or w/o shld. strap or w/o handle of mat. (o/t leather, shtng. of plas., tex. mat., vul. fib. or paperbd.), pap.cov.,of mat. nesoi	59.8	0.4
6505.00.20	Headwear, of cotton, not knitted; certified hand-loomed and folklore hats & headgear, of cotton or flax, not knitted	50.3	38.3
6117.80.85	Headbands, ponytail holders & similar articles, of textile materials other than containing 70% or more by weight of silk, knitted/crocheted	44.9	15.3
6505.00.50	Hats and headgear, of man-made fibers, knitted or crocheted or made up from knitted or crocheted fabric, wholly or in part of braid	42.9	0.8
6217.10.85	Headbands, ponytail holders and similar articles, of textile materials containing < 70% by weight of silk, not knit/crochet	30.7	23.6
6214.90.00	Shawls, scarves, mufflers, mantillas, veils and the like, not knitted or crocheted, of textile materials nesoi	30.5	13.7
6505.00.15	Hats and headgear, of cotton and/or flax, knitted	28.8	8.3
4202.32.99	Articles of a kind normally carried in the pocket or handbag, with outer surface of other textile materials	28.0	6.0
6216.00.80	Gloves, mittens and mitts, not knitted or crocheted, of wool or fine animal hair, nesoi	25.2	10.7
5703.10.20	Hand-hooked carpets and other textile floor coverings, tufted, whether or not made up, of wool or fine animal hair	24.3	26.6
5703.10.80	Carpets and other textile floor coverings, tufted, whether or not made up, of wool or fine animal hair, nesoi	23.7	7.2
6301.90.00	Blankets and traveling rugs, nesoi	22.8	5.6
6505.00.90	Hats and headgear, of textile materials (other than of cotton, flax, wool or man-made fibers), nesoi	19.8	16.5
4202.32.91	Articles of a kind normally carried in the pocket or handbag, with outer surface of cotton	15.1	1.1
5702.31.20	Carpets and other textile floor coverings of pile construction, woven, not tufted or flocked, not made up, of wool/fine animal hair, nesoi	12.5	10.4
6505.00.25	Hats and headgear, of cotton or flax, not knitted, not certified hand-loomed folklore goods	8.4	6.1
4202.22.60	Handbags with or w/o shoulder strap or w/o handle, outer surface of veg. fibers, exc. cotton, not of pile or tufted construction or braid	8.1	3.3
6308.00.00	Needlecraft sets for making up into rugs, etc., consist of woven fabric and yarn, whether/not w/accessories, put up packings for retail sale	6.1	0.0
4202.92.60	Bags, cases and similar containers, nesoi, with outer surface of cotton	6.1	12.7

HTS number	Description	2021	2022 YTD (through July)
		Value	(1,000 dollars)
4202.22.40	Handbags with or without shoulder strap or without handle, with outer surface of textile materials, wholly or in part of braid, nesoi	5.2	3.9
4202.92.33	Travel, sports and similar bags with outer surface of textile materials of paper yarn, silk or cotton	5.1	1.9
6214.10.10	Shawls, scarves, mufflers, mantillas, veils and the like, not knitted or crocheted, containing 70% or more silk or silk waste	3.0	4.4
4202.12.89	Trunks, suitcases, vanity & attache cases, occupational luggage and similar containers, with outer surface of textile materials nesoi	2.6	(a)
6506.99.60	Headgear (other than safety headgear), nesoi, of materials other than rubber, plastics, or furskins, whether or not lined or trimmed	2.3	0.8
4202.32.93	Articles of a kind normally carried in the pocket or handbag, with outer surface of MMF	2.3	0.9
4202.32.80	Articles of a kind normally carried in the pocket or handbag, with outer surface of vegetable fibers, not of pile or tufted construction, nesoi	1.9	2.7
6117.10.60	Shawls, scarves, mufflers, mantillas, veils and the like, nesoi	1.7	(a)
4202.92.45	Travel, sports and similar bags with outer surface of plastic sheeting	1.6	(a)
5703.90.00	Carpets and other textile floor coverings, tufted, whether or not made up, of other textile materials nesoi	1.6	(a)
4202.29.90	Handbags with or without shoulder straps or without handle, with outer surface of vulcanized fiber or of paperboard, not covered with paper	1.4	4.1
6505.00.80	Hats and headgear, of man-made fibers, made up from felt or of textile material, not knitted or crocheted, not in part of braid	1.3	(a)
4202.31.60	Articles of a kind normally carried in the pocket or handbag, with outer surface of leather, composition or patent leather, nesoi	0.8	2.1
4202.92.93	Bags, cases and similar containers with outer surface of textile materials, not of MMF	0.6	1.4
6214.40.00	Shawls, scarves, mufflers, mantillas, veils and the like, not knitted or crocheted, of artificial fibers	0.3	4.2
4202.12.60	Trunks, suitcases, vanity & attache cases, occupational luggage & like containers, w outer surface of veg. fibers, excl. cotton	(a)	0.4
4202.22.70	Handbags with or w/o shoulder strap or w/o handle, with outer surface containing 85% or more of silk, not braided	(a)	3.5
4202.92.31	Travel, sports and similar bags with outer surface of MMF textile materials	(a)	45.2
5702.91.30	Floor coverings, not of pile construction, woven not on power-driven loom, made up, of wool or fine animal hair, nesoi	(a)	33.3
5705.00.20	Carpets and other textile floor coverings, whether or not made up, nesoi	(a)	16.0
	Total	3,960.3	2,523.7

(a) Less than US\$1,000.

Note: Because of rounding, figures may not add to totals given. The abbreviation "nesoi" stands for "not elsewhere specified or otherwise included."

Source: Compiled from official statistics of the US Department of Commerce.