



Reforming the Generalized System of
Preferences to Safeguard U.S. Supply Chains
and Combat China

House Committee on Ways & Means
Subcommittee on Trade
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I appreciate the opportunity to submit these comments on behalf of National Taxpayers Union (NTU), a non-partisan citizen group founded in 1969 to work for less burdensome taxes, more efficient, accountable government, and stronger rights for all taxpayers. More about our work as a non-profit grassroots organization is available at www.ntu.org.

Trade preference programs like the Generalized System of Preferences (GSP) encourage mutually beneficial transactions between Americans and our trading partners. As an organization dedicated to the rights of taxpayers, NTU supports GSP as an alternative to costly foreign aid programs.

NTU encourages reauthorization of GSP. We also urge Congress to improve the program to better promote U.S. interests.

From 2015 to 2020, roughly 90 percent of U.S. imports from GSP countries were not eligible for GSP. Congress should expand GSP so more products from participating countries are covered.

At the hearing, Chairman Jason Smith (R-MO) asked about including U.S. content as part of each country's rule-of-origin calculations, and perhaps increasing the threshold for GSP eligibility above 35 percent. Whatever the percentage threshold for eligibility is, GSP countries should be able to include U.S. content to meet it.

In addition, GSP countries should be able to include content from other countries that have free trade agreements with the United States or that are eligible for trade preference programs in order to meet the GSP content threshold. For example, an import from Belize would not have to have 35 percent domestic Belize content to qualify for GSP, but instead 35-percent content originating from Belize, the United States, our free trade partners, or other GSP or African Growth and Opportunity Act (AGOA) countries. This would strengthen supply chains and increase the benefit of signing a free trade agreement with the United States.

Finally, NTU encourages you to remember that trade preference programs like GSP and AGOA are not unilateral giveaways that come at U.S. expense. They simply remove federal barriers to mutually beneficial trade. Every dollar someone earns from the opportunity to sell to Americans thanks to GSP or AGOA is a dollar that can be used to buy competitive U.S. exports or invest in our economy.

NTU encourages Congress to reauthorize GSP in the near term and to improve our trade preference programs to make them more effective in the future.