

May 3, 2022

The Honorable Chuck Schumer
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

The Honorable Mitch McConnell
Republican Leader
United States Senate
Washington, DC 20510

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
Washington, DC 20515

Dear Majority Leader Schumer, Speaker Pelosi, and Republican Leaders McConnell and McCarthy:

On behalf of the undersigned companies and trade associations, we write to express our views on reauthorization of the Generalized System of Preferences (GSP) program as part of the Congressional conference negotiations on a compromise measure to align the U.S. Innovation and Competition Act and the America COMPETES Act, a measure referred to as the Bipartisan Innovation Act. As the oldest and largest U.S. preference program – and one that Congress largely has not updated in many years – it is critical that changes adopted do not undermine GSP's development goals or its viability to program users.

GSP supports development by eliminating tariffs and opening the U.S. market to qualifying exports from 119 developing countries. At the same time, GSP supports American workers and manufacturers by reducing costs of imported inputs and equipment and helps American families make ends meet by lowering the costs of consumer goods imported duty free.

Yet Congressional authorization of GSP expired on December 31, 2020. American companies have paid at least \$1.4 billion in extra taxes due to the GSP lapse while also dealing with COVID-19 impacts, high freight costs, and supply chain disruptions in both the United States and beneficiary countries. All of these issues have contributed to the highest U.S. inflation rate recorded in 40 years.

There are several areas where the House and Senate language are identical and that program users strongly support, such as retroactivity and full refunds for all tariffs paid during the lapse. The following recommendations cover areas with differences, ambiguity, or omissions from the House and Senate proposals:

- **Congress should extend GSP through January 1, 2027, as proposed in the Senate bill, or beyond.** GSP has a long history of expirations and retroactive renewals. Higher costs, lower trade, and unnecessary uncertainty all hurt program users. American companies are working to diversify suppliers and build more resilient supply chains. It requires significant time and financial investments. GSP can help spur these changes – but only if companies have confidence that tariff benefits will remain in place. Similarly, the confidence in continued duty-free access to the U.S. market provides an important incentive for countries to meet GSP's current and proposed criteria. The current GSP lapse of 17 months is already over one-third of the way into the 4-year extension proposed in the House bill. Congress should extend GSP beyond 2027 if possible.

- **Congress should proceed cautiously with eligibility criteria changes that could have unintended consequences.** The House and Senate each proposed a large number of changes to the country eligibility criteria. A recent Progressive Policy Institute (PPI) [report](#) – by a former Office of the U.S. Trade Representative (USTR) official that oversaw the GSP program in both Democratic and Republican administrations – raised concerns with proposed requirements to “effectively afford” or “effectively enforce” certain criteria. The report noted administrators “may find it necessary to remove most beneficiary countries from the system (or at least most of the low-income and least-developed countries unable to fully implement standards which lack provisions for good-faith but only partially successful efforts).” Congress should ensure that all eligibility criteria allow USTR to distinguish between willful non-compliance and good-faith efforts when determining appropriate actions as part of country eligibility reviews.
- **Congress should ensure that GSP enforcement actions do not cause undue harm to the people that eligibility criteria are meant to help.** The PPI report cites the removal of Eswatini from the African Growth and Opportunity Act (AGOA) in 2014 over labor rights concerns, which “brought the collapse of the garment industry it was supposed to reform. All the workers (principally young women) lost their jobs. Eswatini regained AGOA eligibility in 2017, but the garment industry has not recovered...[and] left the actual Swazi workers it was supposed to help unambiguously worse off than they would have been without the help.” Bipartisan legislation ([H.R. 6171](#)) includes “Sense of Congress” language that the President should “take all available steps to facilitate continued duty-free treatment for products where the imposition of duties is likely to slow or reverse progress” in areas covered by GSP current or proposed criteria such as labor rights, environmental practices, or women’s economic empowerment. Congress should adopt or strengthen the H.R. 6171 language to ensure the GSP rules recognize progress and reward good actors promoting GSP’s development objectives, even (or especially) when country-specific punitive actions are deemed warranted.
- **Congress should update GSP’s Competitive Need Limitation (CNL) rules.** GSP cannot meet its development goals – or provide USTR with leverage to incentivize a race-to-the-top – if too many products lose GSP due to arbitrary CNL import caps. In 2021, as much as \$10 billion in trade was excluded from claiming GSP under product-specific exclusions such as CNLs. That is over half the value of the \$19 billion that claimed GSP treatment, and much of the currently eligible trade is at risk of exceeding CNL thresholds in the near future. It is clear that CNL rules last updated by Congress in 1997 undermine GSP’s policy objectives in 2022. H.R. 6171 proposed modest CNL changes to ensure thresholds grow at a sufficient rate and to encourage restored GSP for products whose imports fall below the CNL caps after GSP loss (i.e., that cannot remain competitive without it). CNL changes are particularly relevant in the China context, as current rules limit the amount of trade that can move from China to GSP countries and many alternatives to China are excluded by decisions from 5, 10, or even 25 years ago. Congress should adopt H.R. 6171’s CNL provisions to ensure GSP remains a viable tool to promote development.

GSP has a nearly 50-year history of bipartisan support in Congress due to its track record of creating jobs in developing countries and the United States. As the House-Senate conference considers the biggest GSP changes in decades, it must ensure the final bill preserves and grows GSP’s relevance in the 2020s and beyond. We look forward to working with you to incorporate these recommendations as part of GSP reauthorization in the Bipartisan Innovation Act.

Sincerely,

American Apparel & Footwear Association
Association of Floral Importers of Florida
Association of Food Industries
California Chamber of Commerce
Coalition for GSP
Consumer Technology Association
Express Association of America (EAA)
Fashion Jewelry and Accessories Trade Association (FJATA)
Footwear Distributors & Retailers of America (FDRA)
International Bottled Water Association
International Wood Products Association
National Association of Chemical Distributors (NACD)
National Fisheries Institute
National Retail Federation
Outdoor Industry Association
Promotional Products Association International
Retail Industry Leaders Association (RILA)
RV Industry Association
Sports & Fitness Industry Association
The Oriental Rug Importers Association
Travel Goods Association
U.S. Chamber of Commerce
United States Fashion Industry Association

3V Sigma USA Inc. (Georgetown, South Carolina)
A & J Distributors, Inc. (Itasca, Illinois)
A Simpler Time Inc (Morrisville, North Carolina)
A&S Distributors (Salida, California)
AAW Products Inc. (Miami, Florida)
Acacia Handmade Imports (York, Pennsylvania)
Acme Food Sales, Inc (Seattle, Washington)
Adrienne Designs (Fountain Valley, California)
Agro Sevilla - U.S.A., Inc. (Herndon, Virginia)
AHF Products (Mountville, Pennsylvania)
Aid Though Trade, Inc (Annapolis, Maryland)
Albaugh, LLC (Ankeny, Iowa)
All-Ways Forwarding International, Inc. (Elizabeth, New Jersey)
Altray Company, Inc. (Stamford, Connecticut)
Altus Brands, LLC (Grawn, Michigan)
American Metal Fibers, Inc. (Lake Bluff, Illinois)
American Omni Trading (Katy, Texas)
American Trade Sales, Inc. (New York, New York)
American Traveler (Rancho Cucamonga, California)
Ammex Corporation (Kent, Washington)
Amy's Kitchen (Petaluma, California)
Andre Prost, Inc. (Old Saybrook, Connecticut)
Arizona Tile (Tempe, Arizona)
Atlantix Commodities LLC (Brooklyn, New York)
Atlapac Trading Co. Inc. (Santa Fe Springs, California)

Axis Chemical Management, Inc. (Gardena, California)
B&C Technologies (Panama City Beach, Florida)
Babco Foods International (South Plainfield, New Jersey)
Bakner Manufacturing (Canton, Georgia)
Balajee Trade Link (Taylor, Pennsylvania)
BASF Corporation (Florham Park, New Jersey)
BFB Enterprises, Inc. (Panama City, Florida)
BlueTriton Brands (Stamford, Connecticut)
BMF Bros. (New York, New York)
Boombah Inc (Yorkville, Illinois)
Bozel North America LLC (Temperance, Michigan)
Braskem America, Inc. (Philadelphia, Pennsylvania)
Brilliant Imports, LLC (Austin, Texas)
Brockway-Smith Company (Wilmington, Massachusetts)
BTR International, Inc. (Palm Beach, Florida)
Camerican International (Paramus, New Jersey)
Cannonball Traders (Northfield, New Jersey)
Carry Gear Solutions (Seattle, Washington)
Chantal Cookware Corp (Houston, Texas)
Chapine Imports LLC (Caldwell, New Jersey)
CHO America (Houston, Texas)
Cipriani Harrison Valves Corp (Rancho Santa Margarita, California)
Ciranda, Inc (Hudson, Wisconsin)
Coastal Bronze (Thousand Oaks, California)
Con Tech International (New Orleans, Louisiana)
Concannon Lumber Company (Portland, Oregon)
Continental Foods Inc (Cerritos, California)
Cortina Leathers (Conneaut, Ohio)
Crayola (Easton, Pennsylvania)
Curry Love Inc. (Boise, Idaho)
Decotone Surfaces LLC (Garwood, New Jersey)
DELSEY Paris (Hanover, Maryland)
Designed Interiors LLC DBA Lily Koo, LLC (Jamestown, North Carolina)
DS Services of America, Inc., (dba Primo Water North America) (Atlanta, Georgia)
Dyerich Flooring Designs, Ltd. (Paterson, New Jersey)
dZi Handmade (Easthampton, Massachusetts)
East West Marketing, Inc. (Honolulu, Hawaii)
Eco-Brazil Corp (New York, New York)
Eight Doors USA, Corp. (Miami, Florida)
Engineered Components Company (Elgin, Illinois)
Eppco Enterprises Inc (South Euclid, Ohio)
Eucatex North America (Alpharetta, Georgia)
Everlast Sports Manufacturing (New York, New York)
EXEDY Globalparts Corp. (Van Buren TWP, Michigan)
Faci USA Industrial, Inc. (Lufkin, Texas)
Fahy Leather (Pacific Palisades, California)
Famous Gold Inc (Houston, Texas)
Fast-Pak Trading Inc. (Secaucus, New Jersey)
FAZ Marketing LLC (Austin, Texas)

FFF Associates Inc (Stamford, Connecticut)
Fitec International Inc (Memphis, Tennessee)
Foamtec International, LLC (Waco, Texas)
Forest River, Inc. (Elkhart, Indiana)
Fusion Gourmet, Inc. (Rancho Dominguez, California)
Fuzion Creations (Brooklyn, New York)
G-III Apparel Group, Ltd (New York, New York)
Gap Inc. (San Francisco, California)
General Carbon Corporation (Paterson, New Jersey)
Gharda Chemicals International Inc (Newtown, Pennsylvania)
Global Digital Instruments LLC (Fairport, New York)
Global Link Distribution (Elkhart, Indiana)
Global Values Inc (Palatine, Illinois)
Golden Beach Inc. (torrance, California)
Green Boy Group (Redondo Beach, California)
Gulf Chemical International Corp (Houston, Texas)
Hallmark Cards, Inc. (Kansas City, Missouri)
Hardware Renaissance (Santa Fe, New Mexico)
Hiblow USA, Inc. (Saline, Michigan)
Higher Ground (Saline, Michigan)
Hoelscher Weatherstrip (Tomball, Texas)
Holland Southwest International (Houston, Texas)
Hollander Bedding & Decor (Boca Raton, Florida)
HSV Automotive Inc. (Spring, Texas)
Hunter Chemical (Fort Washington, Pennsylvania)
Hutzler Mfg. Co., Inc. (Canaan, Connecticut)
Hyline International (Valencia, California)
In3redients (Chicago, Illinois)
Indonesian Imports, Inc. dba The Sak Brand Group (Glen Rock, New Jersey)
Inplac NA (Charlotte, North Carolina)
International Frozen Food Corporation (Setauket, New York)
International Import Corp (New York, New York)
iTi Tropicals Inc. (Lawrenceville, New Jersey)
JAJ Enterprises, LLC (Coburg, Oregon)
Jamtown, LLC (Lynnwood, Washington)
Jane Diaz/New York, Inc. (New York, New York)
JBH Intertrade (Garden City, New York)
JBS USA Leather, Inc. (Hickory, North Carolina)
Jelly Belly Candy Company (Fairfield, California)
Jubilant Industries (Yardley, Pennsylvania)
K.G. International (Doral, Florida)
K2 Urethanes LLC (Media, Pennsylvania)
Kamali Group Inc. (Great Neck, New York)
Kaplan Solutions, Inc. (KSI) (El Dorado Hills, California)
Kheops International Inc. (Colebrook, New Hampshire)
Kirkland Associates, Ltd. (McMinnville, Oregon)
Kishek International Inc. (Costa Mesa, California)
KOUBOO LLC (Laguna Beach, California)
L.L.Bean (Freeport, Maine)

Lakland Guitars, LLC (Chicago, Illinois)
Lamex Agrifoods Inc (Miami, Florida)
Lawrence & Company, Inc. (New Bedford, Massachusetts)
LBB Specialties (South Norwalk, Connecticut)
Lee's Gold Import (Los Angeles, California)
Linbro LLC (San Rafael, California)
LiteGear Travel (Palm Springs, California)
Luggage Shop of Lubbock (Lubbock, Texas)
Maanz Traders In (Jamaica, New York)
Malga USA LLC (New Hartford, New York)
Mandia Int'l Trading Corp (Utica, New York)
Marta Howell LLC (Tucson, Arizona)
Matr Boomie (Austin, Texas)
Mayesh Wholesale Florist (Doral, Florida)
MC Imports, LLC (Medina, Minnesota)
McKlein Company, L.L.C. (Broadview, Illinois)
McLane Global (Houston, Texas)
Metal Exchange Corporation (St. Louis, Missouri)
Metal Marketplace International (Philadelphia, Pennsylvania)
Michael Kors (New York, New York)
Montana Fly Company, LLC (Columbia Falls, Montana)
MS International (Orange, California)
Musicians mall (Berkeley, California)
NAECO, LLC (Peachtree City, Georgia)
NEMO Equipment, Inc. (Dover, New Hampshire)
Niagara Bottling, LLC (Diamond Bar, California)
Nina Designs (Emeryville, California)
Noonday Holdings, LLC (Austin, Texas)
North American Plastics (Irving, Texas)
Northwest Hardwoods (Tacoma, Washington)
Nova Gas Technologies, Inc. (North Charleston, South Carolina)
NOVICA (Santa Monica, California)
Novita (Monrovia, California)
Nutri-Bon Distribution (Torrance, California)
Occidental International Foods LLC (Randolph, New Jersey)
Old River Road (Chico, California)
OMNOVA Solutions Inc., a Synthomer company (Beachwood, Ohio)
One World Projects, Inc (Batavia, New York)
Orepac (Wilsonville, Oregon)
Orleans Packing Company (Hyde Park, Massachusetts)
Pacific Shore Stones (San Antonio, Texas)
Panasonic Corporation of North America (Newark, New Jersey)
Patrick (Elkhart, Indiana)
Performance Radiator (Seattle, Washington)
Perry Ellis International (Doral, Florida)
PolySource, LLC (Independence, Missouri)
Premium Waters, Inc. (Minneapolis, Minnesota)
Primetac (Little Ferry, New Jersey)
Prochimie International, Inc. (Windsor, Connecticut)

Raj International Trading Inc. (Mt. Laurel, New Jersey)
Randa Apparel & Accessories (New York, New York)
Red V Foods Corp. (Buford, Georgia)
Reel-Logix, LLC (Houston, Texas)
Relics, Inc (Asheville, North Carolina)
Ricardo Beverly Hills (Kent, Washington)
Rightline Gear (Asheville, North Carolina)
Rockford Corporation (Tempe, Arizona)
Royal Chain Group (New York, New York)
Royale Pigments and Chemicals Inc (Bear, Delaware)
Royal Tropics LLC (McCall, Idaho)
Rust Bullet LLC (Reno, Nevada)
S & G Resources, Inc. (Medfield, Massachusetts)
Samick Music Corp. (Gallatin, Tennessee)
Samsonite (Mansfield, Massachusetts)
Schreiber Foods International, Inc. (Upper Saddle River, New Jersey)
Scrimco Inc (Fresno, California)
SIGMA Corporation (Cream Ridge, New Jersey)
Sintex Minerals and Services, Inc. (Rosenberg, Texas)
Sophia Foods Inc. (Brooklyn, New York)
Source Direct Inc (Cinnaminson, New Jersey)
Spanish Food Solutions (Great Neck, New York)
Stoeger Industries Inc. (Accokeek, Maryland)
Strategic Sales Partners, LLC (Fort Mill, South Carolina)
Sumitomo Electric Wintec America, Inc. (Edmonton, Kentucky)
Summit Specialty International (Atlanta, Georgia)
Sunflex Packagers Inc. (Cranford, New Jersey)
Sunrise Commodities (Englewood Cliffs, New Jersey)
Sunset Forest Products (Portland, Oregon)
Superior Foods (Watsonville, California)
Tapestry, Inc. (New York, New York)
Target Corporation (Minneapolis, Minnesota)
Tarr LLC (Portland, Oregon)
Tesoros Trading Company (Las Vegas, Nevada)
The Bazooka Companies Inc. (New York, New York)
The Cannon Group Inc. (Westerville, Ohio)
The Home Depot (Atlanta, Georgia)
The Wine Check (Sonoma, California)
Thompson Traders, Inc. (Greensboro, North Carolina)
TLC Ingredients (Crest Hill, Illinois)
Tomoe USA Inc. (Kingwood, Texas)
Touchstone Crystal (Brooklyn, Connecticut)
TR International Trading Company Inc. (Edmonds, Washington)
Triad Magnetics (Perris, California)
Trimaco, Inc. (Morrisville, North Carolina)
Trinidad/Benham Corp. (Denver, Colorado)
U.S. Electrofused Minerals, Inc. (Aliquippa, Pennsylvania)
Ultra Trading International Ltd (North Miami Beach, Florida)
Universal Alloys Inc. (Pembroke Pines, Florida)

US Asian Marketing and Manufacturing Inc (Prescott Valley, Arizona)
Vail International Corporation (New York, New York)
Valgroup LLC (Findlay, Ohio)
Varaluz LLC (Las Vegas, Nevada)
Vera Bradley (Roanoke, Indiana)
Veto Pro Pac (Norwalk, Connecticut)
Victoria Pacific Trading Corp (Irwindale, California)
Vista Outdoor (Anoka, Minnesota)
Vogt Power International, Inc. (Louisville, Kentucky)
Vortex Optics (Barneveld, Wisconsin)
Vtronix LLC (Weston, Florida)
Warehouse Associates (Indianapolis, Indiana)
Wearwell, Inc. (Smyrna, Tennessee)
West Coast Trading & Imports, INC. (Hayward, California)
Westport Corp (Pine Brook, New Jersey)
Wheeky Pets LLC (Brighton, Michigan)
Wholesale Millwork, Inc. (Baltimore, Maryland)
Willert Home Products, Inc. (St. Louis, Missouri)
WorldFinds (Westmont, Illinois)
Xena International Inc. (St. Charles, Illinois)
Xpres LLC (Winston-Salem, North Carolina)
Yamaha Corporation of America (Buena Park, California)
YETI Coolers (Austin, Texas)
YGI Group (New York, New York)
Zebra Pen Corp. (Edison, New Jersey)