

Dear Chairman Wyden, Ranking Member Crapo, and Members of the Senate Finance Committee:

We are writing to urge swift passage of legislation to renew the Generalized System of Preferences (GSP) program in response to the June 5 Senate Finance Committee hearing “Revitalizing and Renewing GSP, AGOA and Other Trade Preference Programs.” Congressional authorization of the Generalized System of Preferences (GSP) expired on December 31, 2020. As a result, American companies paid at least \$3.7 billion in extra taxes on GSP-claiming products from January 2021 to April 2024. According to Pew Research Center survey [results](#) published May 23, Americans’ top two concerns are inflation and “the ability of Dems/Reps to work together.” GSP renewal addresses both of those concerns.

The most pressing need, fundamentally, is to reauthorize the program. These are not our words, but from the opening statement of Allison Gill, Legal Director of Global Labor Justice.^[1] The expiration length is nearly double, and tariff costs will be at least triple, any other lapse in GSP’s 50-year history. Expecting Congress to act reasonably quickly, as in the past, many small business owners have accrued huge personal debts. Refunds are not a new, corporate giveaway: they follow decades of precedent and ensure those that continued to use GSP in good faith are not punished for Congress’ failure to renew it in a timely manner. Yet users’ confidence wanes every day, harming the long-term reliability of GSP and other expiring preference programs.

The GSP Reform Act (H.R.7986) and Senate-passed GSP provisions from the last Congress are a strong starting point for negotiations. Approved by the House Ways and Means Committee, H.R.7986 provides a 10-year extension of GSP authorization, refunds of tariffs paid, updates to “competitive need limitations” (CNLs), and other important administrative changes. It updates eligibility criteria flagged by the Biden administration, including anti-corruption, human rights, rule of law, labor and environment. Many provisions are identical to those first negotiated by Chairman Wyden and Ranking Member Crapo – and passed 91-4 by the Senate – demonstrating the underlying bipartisan support many core changes in H.R.7986 should enjoy.

Modest changes to H.R.7986 could ensure GSP remains a viable tool to promote development, lower costs for Americans, and provide sourcing alternatives to China. Congress should go beyond H.R.7986 by including the bipartisan CNL Update Act ([H.R.6555](#)). It should conduct more analysis before enacting rules of origin changes that could instead push more trade back to China and other non-beneficiaries. Congress must consider whether eligibility criteria changes, no matter how well-intentioned, will reduce GSP’s effectiveness by making long-term investments too risky. Ultimately, any changes that make GSP harder to use, or easier to lose, make GSP countries less attractive, thereby benefiting non-beneficiaries such as China.

Restoring duty-free treatment for countries that have lost eligibility could greatly revitalize GSP. Eligibility for India and Turkey was terminated in 2019. American companies paid up to \$1.7 billion and \$500 million in additional tariffs on previously GSP-eligible imports from India and Turkey, respectively, from January 2021 to April 2024. A much greater share of Indian and Turkish products are inputs to U.S. manufacturing. These payments are not eligible for refunds, but could drive more supply chain resiliency and diversification of both components and finished goods outside China if GSP eligibility is restored upon renewal.

We welcome Ranking Member Crapo’s comment that he is “ready to see GSP, AGOA and potentially other preference programs all passed as part of a package by...next month.” After 42 months of expiration, such an ambitious timeline is not just warranted, but long overdue. Since the House Ways and Means Committee approved H.R.7986, American companies have paid at least another \$160 million in extra tariffs. There is no doubt that Chinese exporters are the top beneficiary of the continued lapse, while GSP partner countries and the American companies that seek closer ties with them suffer the most.

We are all ready to work with Congress to revitalize the program, but further delay cannot be an option. We urge you to pass renew GSP and refund tariffs paid immediately.