



September 18, 2014

ALLIANCE OF GSP COUNTRIES REPORTS GROWING DEMISE OF U.S. IMPORTS FROM THEIR COUNTRIES

The Alliance of GSP Countries announced today that, of its 22 members, 15 emerging markets (68%) experienced double-digit decreases in U.S. imports of GSP-eligible products from suppliers in their countries. Of the 54 GSP-benefitting countries overall that are not eligible for the continuing African or Caribbean trade preferences, suppliers in 33 (61%) of those nations have experienced major export falloffs to the United States in 2014.

Both situations are likely due to the continuing lapse of the Generalized System of Preferences (GSP) program by Congress, despite continued U.S. private sector and emerging-market public sector advocacy for its renewal.

The situation is critical: of those Alliance countries whose imports were less than \$55 million from January through July 2014, all but one experienced trade declines of up to 94%. Noting that GSP is intended to strengthen the overall U.S. import relationship, declines of all U.S. imports of more than 70% from Uzbekistan; 41% from Paraguay; between 20-26% from Lebanon, Egypt, and Tunisia; and 16% from Ukraine (that also saw a 51% drop in GSP imports, alone) all show how essential GSP duty-free treatment is for their and other GSP beneficiary countries' exports.

These very negative impacts of GSP non-renewal on GSP suppliers are in sync with the just-reported results of the Coalition for GSP's one-year impact study. Four out of five U.S. companies surveyed reported that they bought less from their suppliers in GSP countries because, with the duties now re-imposed, the products became too expensive to consumers or if not passing on the duty costs, the importers could not financially handle the additional cost burdens.

Hit hardest are the developing-country suppliers that are small businesses, exporting less than \$500,000 annually or exporting for the first time to the U.S. market. Data show that these suppliers were five to ten times more likely to lose their market niche completely because their small, mid-size, or new U.S. buyers are more likely to switch to non-GSP suppliers.

Background

GSP benefits more than 3.8 billion people living in two-thirds of the world's economies. When GSP is in operation, U.S. companies can import up to 5,000 products duty-free, such as raw materials, intermediary goods, and machinery from suppliers in 123 emerging markets.

Information on the Alliance and GSP is at www.allianceforgsp.org Media Contact: Marideth Sandler (sandler@sandlertrade.com) at 202.492.7473.