

CALIFORNIA CHAMBER of COMMERCE



November 14, 2022

To: California Congressional Delegation

**From: (Mrs.) Susanne T. Stirling
Vice President, International Affairs
California Chamber of Commerce**

Re: SUPPORT FOR GSP RENEWAL

The California Chamber of Commerce urges you to approve the Generalized System of Preferences (GSP) program, which lapsed on December 31, 2020. GSP, established by the Trade Act of 1974, has a long history of bipartisan support as the program supports the development of 119 emerging economies by eliminating tariffs and opening the U.S. market to qualifying exports. GSP at the same time supports American workers and manufacturers by reducing costs of imported inputs and equipment and helps American families stretch their paychecks by lowering the costs of consumer goods imported duty-free.

Since GSP expired in 2020, American companies have paid over \$2 billion in extra taxes while also dealing with the effects of the COVID-19 pandemic, high freight costs, and supply chain disruptions in both the U.S. and beneficiary countries. These issues have contributed to high and persistent U.S. inflation. At the same time, GSP expiration has hindered American companies' efforts to diversify suppliers and build more resilient supply chains.

The California Chamber of Commerce, established in 1890, is the largest, broad-based business advocate that works at both state and federal levels to influence government actions affecting all California businesses. Our members include more than 16,000 firms of all kinds and sizes, as well as 300 affiliated local chambers of commerce and 200 trade associations. Our members employ one-fourth of the private sector workforce in California. Through its grassroots action program, the California Chamber reaches out to a statewide network of 430,000 small business owners.

The CalChamber, in keeping with long-standing policy, enthusiastically supports free trade worldwide, expansion of international trade and investment, fair and equitable market access for California products abroad, and elimination of disincentives that impede the international competitiveness of California business.

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The CalChamber calls on Congress to pass a long-term retroactive reauthorization of the Generalized System of Preferences. If Congress is unable to do, at a minimum it should pass HR 8906, which will refund GSP tariffs paid between January 2021 and August 2022, until Congress is able to pass a long-term retroactive reauthorization of the program. The Senate and the House have already passed identical legislation to HR 8906 with GSP refund language in June of 2021 and February 2022, respectively.

California is one of the top economies in the world with a gross state product of over \$3.357 trillion in 2021. In 2021, California exported \$175.12 billion to approximately 226 foreign markets. Trade offers the opportunity to expand the role of California's exports.

In 2021, California paid an additional \$109 million in tariffs as a result of the expiration of GSP, more than double any other state. In 2020, California companies saved \$238 million in tariffs thanks to the GSP program. California routinely is the greatest benefactor of the GSP program.

GSP has nearly a 50-year history of bipartisan support in Congress due to its track record of creating jobs in developing countries and the U.S.

The California Chamber of Commerce strongly urges you reapprove the Generalized System of Preferences program retroactively and going forward in order to relieve California and American companies that have paid billions of dollars in extra taxes.

Thank you for your consideration.

Sincerely,



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