

California District Export Councils



May 8, 2024

To: Members, California Congressional Delegation

Re: Generalized System of Preferences GSP - Support

Earlier today, all five California District Export Councils convened for a conference and expressed our support for the renewal of the Generalized System of Preferences.

The over 60 District Export Councils (DEC) nationwide contribute leadership and international trade expertise to complement the U.S. Commercial Service's export promotion efforts through counseling businesses on the exporting process and conducting trade education and community outreach.

The DEC members are appointed by the Secretary of Commerce. These international trade professionals use their knowledge and international business experience to act as consultants to small and medium sized businesses who want to export their products into markets outside of the United States.

For 50 years, DECs have served the United States by assisting companies in their local communities' export, thus promoting our country's economic growth and creating new and higher-paying jobs for their communities.

Generalized System of Preferences

The Generalized System of Preferences provides special tariff preferences for imports from the less developed countries into the advanced industrialized countries. The idea of such preferences was first formally proposed at the 1964 United Nations Conference on Trade and Development (UNCTAD I). This conference focused on the theme that trade, as opposed to aid, was the most effective vehicle for promoting Third World economic development.

In 1968, some headway was made at UNCTAD II, when the United States and other advanced industrialized countries supported a resolution to establish a mutually acceptable system of preferences. The 1970's saw the implementation of this program.

For decades, the GSP program has received bipartisan support due to its track record of creating jobs in both developing countries and the United States. The program eliminates import taxes on nearly 5,000 designated products from about 120 emerging economies, opening the U.S. market to qualifying exports. The typical beneficiary company employs about 20 people and GSP saves them between \$100,000 and \$200,000 in duties, which can be a valuable savings for a small business – and is used more in California than any other state.

At the same time, GSP supports U.S. 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.

Because Congress failed to renew the GSP program before it expired on December 31, 2020, U.S. companies are paying over \$2 billion in added tariff costs.

The DEC's continue the push for congressional reauthorization of a U.S. trade program that has saved companies billions of dollars in tariff costs on imported goods. The House Ways & Means Committee held a hearing in the fall of 2023 on the Generalized System of Preferences (GSP) program and leadership has since made progress on legislation.

GSP is an important tool for boosting economic growth and job creation. Many U.S. companies source raw materials and other inputs from GSP countries, and the duty-free treatment of these imports reduces the production costs of these U.S. manufacturers, making them more competitive. According to analysis by the Coalition for GSP, approximately 82,000 jobs are either directly or indirectly associated with the importation and use of GSP-eligible imports. Products eligible for duty-free treatment under GSP, according to the Office of the U.S. Trade Representative, include most manufactured items; many types of chemicals, minerals and building stone; jewelry; many types of carpets; and certain agricultural and fishery products.

U.S. and California as Global Leaders in International Trade

The five California DEC's believe that California's position as a global leader in international trade should be acknowledged and *urges consideration of a bill reauthorizing the Generalized System of Preferences this spring.*

Thank you for your consideration of this important issue. Sincerely,

Sung Wook "John" Lee
Chair, Northern California
DEC
President, SW Logistics Inc.



Shirley Dewi
Chair, Inland Empire DEC
Senior Vice President,
IAPMO R&T



William Edwards
Chair, Southern California
DEC
CEO, Edwards Global Services, Inc.



Robert Bowen
Chair, San Diego & Imperial DEC
Export Trade and Compliance Counsel
Service Now



Lani Ellingsworth
Chair, Central California DEC
Export Coordinator
Keiser Corporation

