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MEMORANDUM

To: Reporters and Editors
Re: Generalized System of Preferences program product removal
Da: Thursday, June 28, 2007

President Bush today signed a proclamation that resulted in the removal of products from several countries – including Brazil, India, and Venezuela – from eligibility under the Generalized System of Preferences (GSP) program. GSP provides duty-free access for products from developing countries, including advanced developing countries, to the U.S. market. This program, which was enacted in 1974, was intended to provide temporary incentives for developing countries to become more active in the global trading system.

In December 2006, Congress passed legislation that provides for the removal of GSP eligibility for products that are designated as “super-competitive.” Sen. Chuck Grassley, ranking member of the Committee on Finance, made the following comment on today’s proclamation.

“I’m pleased that the Administration fulfilled its legislative mandate and is removing GSP benefits for super-competitive products from several countries. These products are clearly competitive in the U.S. market. They no longer merit preferential access to our market.

“In addition, I’m increasingly questioning why we provide preferential treatment at all to products from countries such as Brazil, India, and Venezuela. These countries have actively worked against the trade interests of the United States, including by resisting efforts to cut their high tariffs on U.S. exports.

“It’s time for Congress to step back and begin examining the function of the GSP program. This program provides one-way, duty-free access to the U.S. market. Our trade relations should increasingly be based on reciprocity by which other countries will provide the same open access to U.S. exports.”