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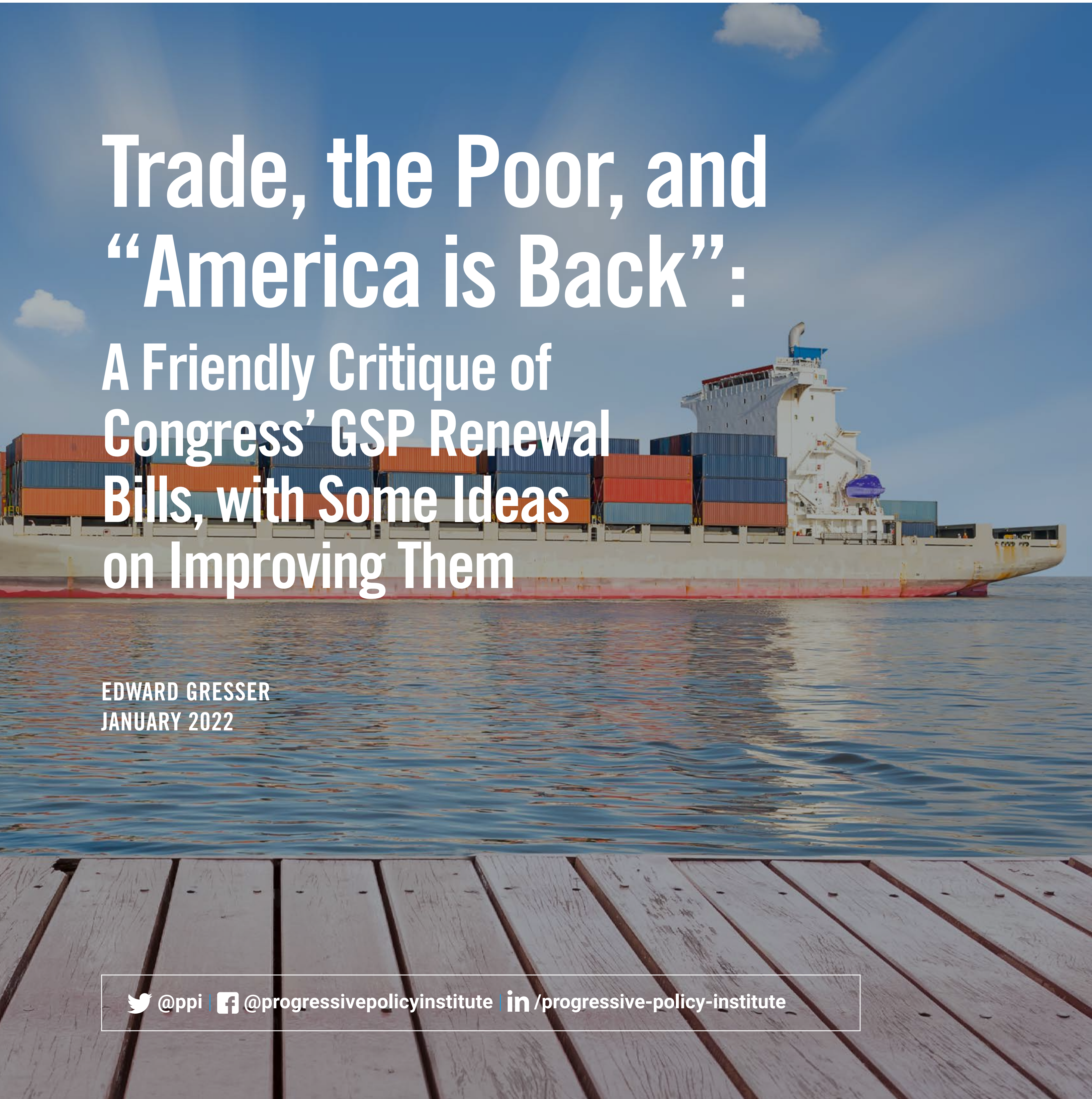
Trade, the Poor, and “America is Back”:

A Friendly Critique of Congress’ GSP Renewal Bills, with Some Ideas on Improving Them



EDWARD GRESSER

JANUARY 2022

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INTRODUCTION

Should the United States help the poor abroad? If so, how much? Should we ask something of their governments in exchange? And what if we ask something the governments can't fully do? These are the core questions as Congress discusses renewal of the Generalized System of Preferences.

This system, known for short as "GSP," is the U.S.' largest trade and development program. Dating to 1974, it waives tariffs on about 11% of imports from 119 low- and middle-income countries and territories, so as to encourage U.S. buyers to source some products from them rather than larger, wealthier economies. Balancing these benefits, it imposes some eligibility rules, for example asking "beneficiary countries" to take steps toward enforcement of labor rights, intellectual property, and other matters.

GSP lapsed at the end of 2020, and thus has provided no benefits in over a year. Both parties in Congress appear in principle to support its renewal. The Senate has passed a bipartisan reauthorization bill (endorsed as well by House Republicans); and while the House is divided by party on several specific issues, actual opposition seems scarce. Assuming one believes the U.S. should try to help the poor, this is good news — for countries enrolled in GSP, for the workers and businesses that draw the benefits, and also, in a small but tangible way, for the Biden administration's effort to show that America "is back" and has not slumped into inward-looking passivity or resentment.

On the other hand, the renewal bills share a weakness: they try to make a small program do too much. GSP is somewhat old and creaky. Its product coverage is limited by product exclusions and "Competitive Need Limitation" (CNL) rules dating to the 1970s, and its eligibility criteria have remained unchanged since the late 1990s. Both could be better. But most of Congress' work appears to have gone into adding new eligibility rules, and neither bill proposes adding anything to GSP's relatively modest list of goods eligible for tariff waivers. It is fair to ask governments of countries whose businesses and workers receive duty-free benefits to meet basic requirements, and some of the proposed new criteria are good ideas. But overly long lists of new criteria are likely to create confusion as U.S. policy priorities clash, and could force wholesale expulsion of poorer countries whose capacity to implement policy is lower than that of middle-income countries. This latter risk is particularly troubling, since some new proposals appear so strict that few if any low-income countries could meet them.

So while Congress deserves applause for an apparent intent to renew the program, and willingness to take a fresh look at old rules, there is reason for concern that the updated program may achieve less than the old. Congress should therefore think about (a) how much it wants to add, and (b) a balance between new criteria and new export opportunities. Some relatively simple revisions could help:

1. Set a limited number of priorities, by restraining the number of new criteria in the system.

2. Make these priorities achievable for countries with good will but limited means and capacity.

3. Simplify, by defining some proposed new criteria as "advisory" issues to consider, rather than requirements countries must meet, and clarify that to the extent possible, enforcement of criteria should not endanger the interests of the people the criteria aim to support.

4. Add balancing new benefits, for example through a reform of CNL rules proposed by Representatives Stephanie Murphy (D-Fla.) and Jackie Walorski (R-Ind.), and inclusion of some products currently barred from GSP.

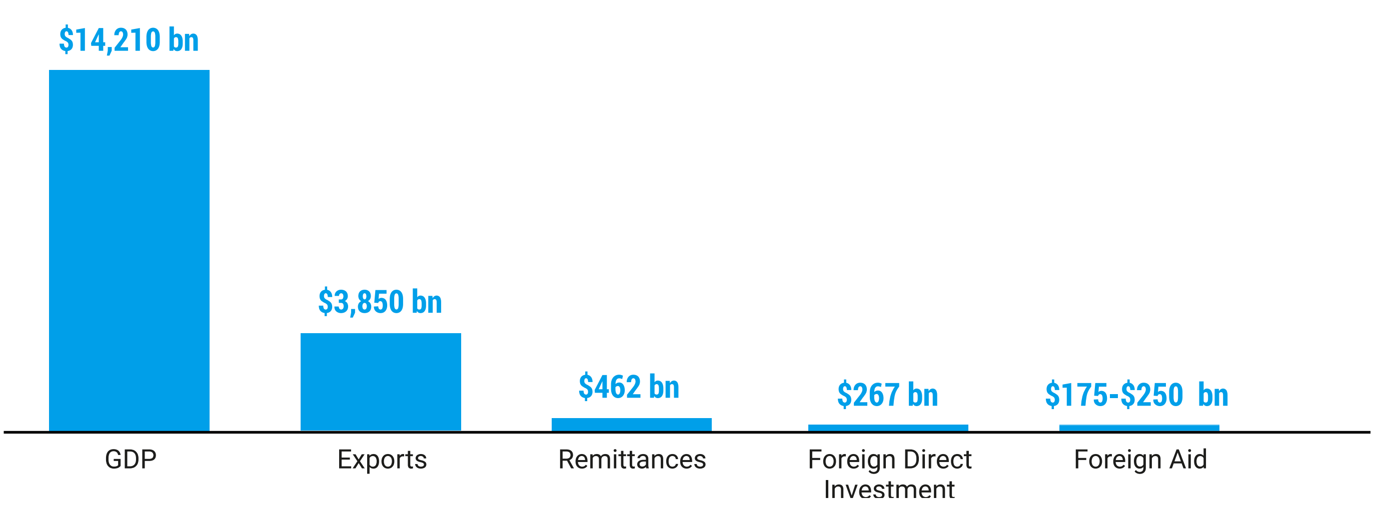
BACKGROUND AND CURRENT SYSTEM

By way of background, GSP is the oldest and most geographically extensive of America's four "trade preference programs", created in 1974 at the end of the GATT's "Tokyo Round".[i] All four programs operate by waiving some U.S. tariffs for smaller and poorer countries, with the hope of helping them compete with larger and more efficient economies, attract investment, support employment, and ultimately diversify and develop their economies. The EU, the U.K., Canada, Switzerland, Norway, Australia, New Zealand, and Japan all have similar programs. Some others, including Chile, China, Korea, Taiwan, and Thailand, have developed their own more recently.

GSP is a small program, which covers relatively little trade. This is partially natural, as most U.S. tariffs are low and many are zero. It also, however, reflects two policy choices: first, GSP excludes many high-tariff products, including most clothing, textiles, shoes, and glassware; and second, GSP countries lose benefits for particular products through "Competitive Need Limitations" when they become especially good at producing those products. Despite this modest scale, though, GSP has promotes industrial investment and diversification in some least-developed countries (especially Cambodia and Burma), helped small island states such as the Solomon Islands and Fiji develop specialty products, and provided especially strong support for middle-income countries like Thailand, Paraguay, Lebanon, Georgia, and Armenia.

Trade success is valuable for such countries; exports earn developing countries roughly four times as much money as aid, remittances, and FDI flows combined, and thus serve as a fundamentally important driver of growth. Trade also serves a human function that remittances and aid rarely achieve, in that it is a creator of wage-paying, formal sector jobs (often especially for young women) in countries frequently dominated by rural industries and informal-sector services where labor standards are usually lowest.

FIGURE 1: DEVELOPING COUNTRIES: GDP AND EXTERNAL EARNINGS, 2020



Source: U.S. International Trade Commission's Dataweb and the International Monetary Fund

i. The other preferences are the Caribbean Basin Initiative or CBI, for 25 small Caribbean island and littoral economies (1983), the African Growth and Opportunity Act or AGOA (2000) applied to 36 sub-Saharan African countries, and a specially designed CBI offshoot for Haiti known as HOPE (2006).

Particularly when viewed in combination with the GSP programs run by other wealthy economies, preference likely deserves some credit for the strong role trade plays in low- and middle-income country development, and thus in reduction of poverty rates over time. The Obama administration noted this in its 2016 report "*U.S. Trade Preference Programs: Reducing Poverty and Hunger in Developing Nations Through Economic Growth*," reviewing GSP successes in Tunisia, Cambodia, and the Philippines and observing that more generally:

> **"U.S. trade preference programs have encouraged exports from developing countries, with particular effect in value-added and labor-intensive goods such as jewelry, clothing, semimanufactured goods, and a number of agricultural products. This is corroborated by a large body of economic literature. These studies have also found that U.S. trade preference programs have made a contribution to the reduction of poverty."[1]**

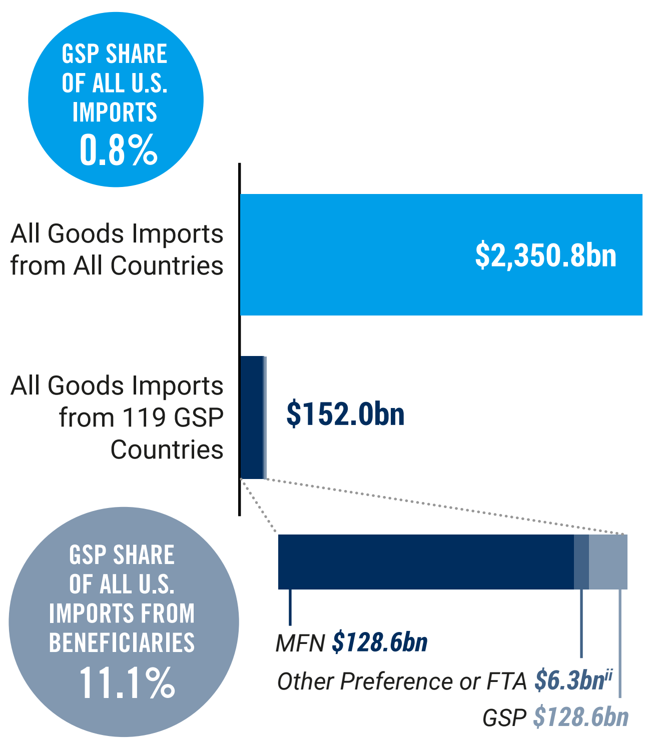
1. Tariff Waivers, Their Potential and Their Limitations

In more detailed terms, GSP operates by waiving tariffs on a set of eligible goods, defined by tariff line. Briefly put, tariff schedules divide all goods into categories or "lines", and assign each line a number and a corresponding tariff rate. The U.S. has 11,111 such lines, beginning with 01012100, for purebred breeding horses, and ending with 9706000, for antiques. Tariff rates on these lines vary, from the U.S.' low at 0% (applied as it happens to both horses and antiques, among much else) to peaks of 48% for low-priced sneakers and a few higher rates for selected agricultural products.[2]

About 4,200 U.S. tariff lines are permanently set at zero. Correspondingly, about 6,900 have tariffs above zero. GSP waives about 3,500 of these tariffs — i.e., roughly half the lines — for the 119 countries and territories now participating in the system, with another 1500 open to least-developed countries only.

This sounds like a lot of lines, but as Figure 2 shows, GSP tariff waivers apply only to a modest amount of trade — as of 2020, 0.8% of U.S. imports in general, and 11.1% of imports from the GSP countries.[3]

FIGURE 2: GSP IN U.S. GOODS IMPORTS



Source: U.S. International Trade Commission Dataweb, Census

Looked at from another angle, GSP reduces the tariff penalty on low- and middle-income country goods, but only partially. This is because the U.S. tariff system structurally tilts against products made in poorer countries: It taxes home goods like clothes and shoes heavily, mid-range manufactured goods lightly, and

ii. Includes $3.2 billion in AGOA imports, $1.6 billion under U.S.-Jordan FTA, $0.9 billion under Qualifying Industrial Zones, and $0.6 billion under CBI.

natural resources and especially sophisticated manufactures (medicines and medical technologies, computers and IT goods, scientific equipment) hardly at all. The result is that GSP (or even GSP plus AGOA and CBI) still leaves rich countries treated more gently than poorer ones; as Table 1 shows, even with the preferences, tariffs on goods from GSP beneficiaries average twice as high as tariffs on goods from rich countries.

TABLE 1: RICH COUNTRIES STILL TREATED BETTER

	2020 GOODS IMPORTS	TARIFFS COLLECTED	RATE
GSP Beneficiary Countries	**$152 billion**	**$3.6 billion**	2.3%
World Bank High-Income[iii]	**$778 billion**	**$9.6 billion**	1.2%

Sources: World Trade Organization, Organisation for Economic Co-operation and Development, United Nations Conference on Trade and Development, and the Global Knowledge Partnership on Migration and Development

Why does GSP cover so little trade? For one thing, even setting aside the 4,200 zero-tariff goods, most U.S. tariffs are low. The tariffs GSP eliminates average about 4.4%. Waiving a cost like this is useful for buyers, but not always compelling for them; the benefit must be measured against a country's transport costs, port efficiency and speed to market, ability to deliver in volume and quality, workforce skill levels, and so on. Often these latter issues are more important than a modest tariff benefit, and buyers in such cases reasonably choose not to use it.

Second, since the 1970s the program has excluded some significant product groups that might be attractive to GSP users. These include most clothing, textiles, shoes, watches, and glassware, all viewed at the time as large employers which were not strongly competitive against imports. U.S. tariffs on these goods were then, and remain now, much higher than those on other products, averaging around 15% and rising to peaks such as 32% for men's polyester shirts or 48% for cheap sneakers. The only significant change in product coverage since the 1970s has been the 2016/2017 addition of 18 tariff lines covering "travel goods" — luggage, wallets, backpacks, purses, and so on. As a result, while AGOA and CBI cover most of the excluded goods, GSP excludes some significant, or potentially significant, export industries for the Pacific Islands, Middle East, Latin America, Southeast Asia and South/Central Asia, and southeastern Europe.

Third, GSP countries can't be *too* successful in products that GSP does cover. Specifically, they lose benefits for particular products based on a rule known as "Competitive Need Limitation," when their exports of a particular good exceed 50% of U.S. imports or top a dollar-value threshold set at $195 million in 2021. Examples of CNL removals in 2020 included golden jewelry from Indonesia, a $228 million import which exceeded the dollar-value threshold, and taro root from Ecuador, a $32 million import in which Ecuador's exports topped the 50% threshold.[4] The dollar-value threshold rises by $5 million, equivalent to 2.5%, annually. With long-term U.S. import growth average averaging 6.5% over the past 30 years, each year more of a country's GSP goods are liable to hit a CNL threshold and fall out of the system based simply on natural

iii. Excluding Australia, Canada, Korea, and Singapore, which are (largely) exempt from tariffs under Free Trade Agreements.

growth. As of 2020, the $8.1 billion in products excluded by CNLs was nearly half of the actual $16.8 billion in GSP imports.

2. Eligibility Criteria

More complex and ambiguous are the "eligibility criteria," which require beneficiaries to comply with a set of policy goals or lose benefits either in part or in full. At present, there are 15 such criteria.[5] These frankly represent a hodge-podge of concerns, designed from to the mid-1970s through the late 1990s, some of which are moribund ("domination by the international communist movement") and others dormant though with potential to revive (participation in natural resource cartels that damage the world economy). Those most frequently used to review countries' benefits fall into four categories: (a) labor: a country must be able to show that it "has taken or is taking steps to afford internationally recognized labor rights," (b) intellectual property: a country must provide "adequate and effective protection of intellectual property rights," (c) trade policy: a country must offer assure the United States that it will provide "equitable and reasonable to markets" for U.S. goods and services, and (d) expropriation: a country must "provide prompt, adequate and effective compensation" for expropriation of U.S.-owned property and respect for international arbitral tribunal rulings on expropriation cases.[6] If the U.S. Trade Representative finds a country failing to live up to these criteria, and cannot resolve the problem through negotiations, the president may remove the country from the program either partially (by excluding some goods otherwise eligible for tariff waivers) or totally.

Over the past decade, these objectives opened up reviews of 19 GSP beneficiary countries. Six reviews ended with partial or full removal of benefits, and seven remained open when the program lapsed at the end of 2020. Specifically, the Bush administration removed half of Argentina's benefits for intellectual property reasons; the Obama administration removed Bangladesh for failure to live up to labor criteria and the other half of Argentina's benefit over arbitral awards compliance[iv]; and the Trump administration partially removed benefits from Thailand over market access and Ukraine over intellectual property rights, and fully removed India over market access and Turkey on general competitiveness grounds. The seven reviews open as of December 2020 cover Kazakhstan, Azerbaijan, Eritrea, and Zimbabwe on labor issues, South Africa and Indonesia on intellectual property rights, and Ecuador on arbitral awards.

Such "enforcement" efforts at times succeed. Recent examples include child labor law reform in Bolivia, reduction of barriers to agricultural imports and withdrawal of data localization rules in Indonesia, revision of copyright law in Ukraine, abolition of child forced labor in Uzbekistan, and passage of a national workplace safety and health law in Georgia.

On the other hand, they sometimes fail, as in the Bangladesh, India, and Thailand cases. Such failures come with a cost to the countries. Studying removals of products in 2013, academic economists Emily Blanchard and Shushan Habikyan note that "when a developing country loses GSP access, its exports in affected industries fall by an average of 19 percent in the year of exclusion, an additional 20% in the first year, and are still 60% below pre-exclusion levels three years later."[7] Important to note, these penalties do not fall on the governments, but on the businesses and workers benefiting from the system, and this can have severe consequences

iv. These were mostly restored in 2018 after Argentine actions to address the dispute.

for the people trade preference programs aim to help.

A vivid illustration, though drawn from AGOA rather than GSP, of the risks of over-enthusiastic criteria enforcement is the Obama administration's removal of Eswatini (then known as Swaziland) from AGOA benefits in 2014.[8] Here, an attempt to "enforce" labor standards through withdrawal of Eswatini's AGOA tariff benefit brought the collapse of the garment industry it was supposed to reform. All the workers (principally young women) lost their jobs. Eswatini regained AGOA eligibility in 2017, but the garment industry has not recovered. The experience may be valuable in the sense of demonstrating the "credibility" of preference program labor standards criteria with other beneficiary countries — along the lines of the events in *Candide*, when the British execute Admirable Byng "to encourage the others" — but left the actual Swazi workers it was supposed to help unambiguously worse off than they would have been without the help.

CONGRESSIONAL RENEWAL EFFORT: POSITIVE STEP, BUT TWO CONCERNS

This brings us to the present. Unlike the GSP systems of Europe, Japan, Canada, and other countries, the American GSP system is temporary and requires periodic Congressional reauthorization. This has happened 14 times since the program's creation in 1974, sometimes with significant lapses before renewal. The longest gap spanned the years 2013-2015; the current lapse is the third-longest. Congress is, however, working toward renewal of the system, with two separate bills — one a Senate bill passed in June 2021 as part of a larger bill, and endorsed by House Republicans; the other a House Democratic draft — that diverge in some ways but also share many features.

Both bills make major changes to the system's eligibility criteria (though the proposed changes diverge). Neither expands product coverage, and neither reforms product eligibility rules. As a result, while renewal is a good step and the new criteria often have good rationales taken separately, without some changes the revised program may be less successful than the current version.

1. Criteria Overkill:

Most notably, both bills create many new eligibility criteria, and make a least one current criterion somewhat (in the Senate bill) or significantly (in the House bill) more restrictive. The House bill also imposes a two-year limit for resolution of reviews, which sometimes involve not only regulatory changes but legal reforms and verification. This risks creating a system in which requirements are so demanding that they become difficult, and in some cases impossible, for beneficiary countries acting with limited capacity but in good faith to meet.

The Senate's bill (passed as part of a larger bill by 91-8, and also endorsed by House Republicans) adds new criteria which (a) call for progress on gender equity, (b) require countries to fully enforce environmental policies with trade and investment impacts, and make progress toward environmental law and regulatory enforcement more generally, and (c) address digital trade issues (arguably superfluously, since the existing GSP services market access criterion can and has been used for digital trade issues, though the Senate bill adds this consumer protection and privacy rules). It also adds in four sets of criteria taken from the African Growth and Opportunity Act, which require that the governments of GSP participants not commit gross violations of human rights, and ask the President to consider the extent to which they have established or are making progress on anti-corruption programs; the development of economic policies such as market-oriented economic reforms, creation of microcredit systems, expansion of physical infrastructure, and others; and legal/political matters including "the rule of law, political pluralism, and the right to due process, a fair trial, and equal protection under the law." Finally, it revises the current GSP labor criterion, changing it from an evaluation of whether beneficiary countries "have taken or is taking steps to afford internationally recognized labor rights" to an evaluation of the extent to which a country is affording these rights.

The parallel bill introduced by House Democrats likewise includes the four AGOA-based criteria on human rights, economic policy, anti-corruption and rule of law. It also adds a more expansive environmental criterion, requiring that all environmental laws and regulations be "effectively enforced", skips the Senate's digital trade criterion, and requires an annual study of gender conditions rather than adding a gender criterion. The House bill also revises the current approach to labor in a different way, likewise dropping the "taking steps" to afford internationally recognized labor rights approach and replacing it with one which requires "effectively affording" these rights throughout the country.

These are all high-minded goals, and good things to encourage. Developmental policies generally benefit from taking gender equity, environmental sustainability and environmental policy into account, and there should be some way to remove countries whose governments perpetrate atrocities. There is a reasonable case that "taking steps" to afford labor rights is an ambiguous term and that the program's labor criteria should be clearer.

But such a large proliferation of new goals can also create problems from which the GSP system does not really suffer. Its list of eligibility criteria, if something of a hodge-podge, is limited and sets priorities clearly.. With many new issues in play, the priority of those in the current list of criteria will likely be diluted. Furthermore, a list of many priorities is virtually certain to place some U.S. policy goals in conflict with others. AGOA enforcement again provides a cautionary tale. Interpreting AGOA's "rule of law" criterion as requiring removal of countries for coups d'etat, the Obama administration removed Madagascar from AGOA in 2010 after a disputed election led to one party's forcible takeover of government. This effectively punished the young women in the garment industry benefiting from AGOA for the irresponsibility of national political leaders, but had little effect on the coup-makers.

Furthermore, very strict rules requiring a country to fully enforce laws and regulations in any particular policy area (as opposed to having good policies on the books and making good-faith efforts to enforce them), are rules many and perhaps all very poor countries will fail. Least-developed and low-income countries often have well-trained and well-intentioned political leaders and senior bureaucrats who design good policies, pass good laws, and do their best to implement them. Few if any such countries have the deep and professional civil services needed to "effectively afford" the intended results of these policies uniformly and nationwide. Removing benefits for this sort of failure seems to misunderstand the problem: one should not use trade measures to "force" a well-intentioned government to do things it is already trying to do, or to punish it for incomplete success; rather, the appropriate policy is to help the government develop the capacity to succeed more fully over time.

Thus, the proliferation of new criteria (including some that are quite vague and broadly drawn, such as the AGOA economic development and rule of law criteria) and the tightening of some existing ones seems likely to place U.S. policy goals in conflict. And poor countries making good-faith efforts will often find overly tight rules impossible to meet. One can easily imagine scenarios such as the following:

- A very low-income, post-conflict African country still bruised by Ebola breakouts in 2014 may have a talented and reformist government, but lack the sophisticated civil service necessary to "effectively afford" policies on labor and environmental issues throughout the country.
- A small, low-population Pacific Island country with vulnerable marine habitats extending across a dozen islands and 70,000 square miles of maritime economic territory may possess only one Coast Guard vessel to patrol for environmental law enforcement, and thus be unable to effectively enforce its environmental laws nationwide, whether or not the policies in question are clearly related to trade or investment flows.
- A Southeast Asian country may have a weak record on political and civil rights, but a strong one on labor rights and poverty reduction, and a record of using GSP very successfully to provide well-regulated, wage-paying jobs for young women.
- A reforming Central Asian country may be showing strong progress on labor rights and doing a lot to expand physical infrastructure by enrolling in Belt and Road programs (or the alternative U.S./European system the Biden administration is developing), but not faring well on anti-corruption measures.

Obviously, none of these cases are hypothetical. All are real countries whose governments this writer dealt with while overseeing administration of GSP from 2015-2020. In such cases, where U.S. policy goals and eligibility criteria conflict with one another, system administrators will find it difficult to decide which competing priority is most important. Depending upon the legal advice they receive, they may find it necessary to remove most beneficiary countries from the system (or at least most of the low-income and least-developed countries unable to fully implement standards which lack provisions for good-faith but only partially successful efforts). This would also depopulate AGOA, since a core AGOA eligibility rule is qualification for GSP. Alternatively, officials administering the system could ignore some of the new criteria and hope Congress will accept their judgments. Or, perhaps most likely, they will move toward non-systematic and essentially arbitrary enforcement , in which countries in the news or in the political spotlight are targets for enforcement, countries with comparable problems but without well-organized bands of U.S.-resident critics skate by.

2. AGOA and WTO Waiver:
A second challenge — lesser and probably manageable, but not irrelevant — is that both bills appear to create a nearly uniform set of criteria for AGOA and GSP, while AGOA benefits are available to 40 GSP countries but not the other 79.

Under the terms of the "enabling clause" of GATT authorizing GSP programs, a program not open to all developing countries needs a special "waiver" approved by all WTO members. Since AGOA's creation in 2000, low-income countries outside Africa have accepted this up to now, partially out of good will towards Africa but also because they know that African countries must meet a larger number of criteria than GSP beneficiaries to get AGOA's larger benefits. With the two systems' criteria now close to identical, Samoa and Nepal (say) will be asked to vote to approve higher levels of benefits for Tanzania and Nigeria (say) than they receive, while meeting the same criteria to secure lower levels of benefits for themselves. Their reaction to this can't be predicted in advance, but could easily be one of resentment and refusal to grant a new waiver when Congress considers renewal of AGOA in 2025.

SOLUTIONS

These bills are well advanced, and it is important to renew the system with some speed. Experience and academic research show that the longer a lapse of benefits persists, the more buyers simply drift away from the beneficiary countries to buy from larger partners. On the other hand, the current renewal drafts have some troubling features and lack a balance between eligibility rules and benefits.

The good news is that these problems are neither rejections of the idea of helping the poor, nor simply lacking in merit. And they are possible to fix without rejecting the idea of new and updated eligibility rules. Congress can rebalance and significantly improve them with a few changes, reducing the chance that U.S. policies will come into conflict and eliminating the risk that administrations might have to eliminate poor countries with well-intentioned governments but weak capacity. And two House Members, Representatives Stephanie Murphy (D-Fla.) and Jackie Walorski (R-Ind.) have introduced their own bill which accomplishes some of this. The revisions might be as follows:

1. **Set a limited number of priorities:** There is good cause to consider environmental and gender policy in granting benefits, and to provide extreme-case ability for Presidents to remove countries for egregious and pervasive human rights violations. There is a reasonable case that the existing labor criterion ("taking steps" to afford labor rights) is unclear and should be replaced by a new one evaluating the state of labor rights in beneficiary countries. A new environmental criterion should parallel this, without the tie to trade and investment impacts but by asking the U.S. Trade Representative to evaluate the state of environmental law and regulation.

2. **Make them achievable:** Proposals to require that the labor or environmental policies be effectively enforced country-wide are probably more than most poor countries can deliver. As with other criteria, they should be flexible enough to allow countries making good-faith efforts, even if not fully successful, to qualify for benefits. The Murphy/Walorski bill bolsters this through proposals to add capacity-building authority to help countries meet the eligibility criteria when necessary, and through sense-of-Congress clauses clarifying that enforcement of criteria should not harm the people the criteria are meant to help.

3. **Simplify:** The three criteria drawn from AGOA on anti-corruption, economic development policies, and rule of law add too many criteria to the system, and need not be added. Removing them from the bill would significantly reduce the burden of implementing a new program, avoid some potential conflicts among criteria and

between the criteria and the overall goal of encouraging exports and growth, and also avert a possibly small but nettlesome threat to AGOA itself. An alternative approach would make these issues for a president to consider when adding a new country to GSP, or restoring a country once removed from the system, rather than annually reviewed requirements that lead to reviews.

4. **Balance:** Add some benefits to complement and balance the additional eligibility rules. On one hand, the exclusions of clothing, shoes, and glassware for example, may have made political sense in the 1970s, but now has little if any impact on U.S. employment. Apparel has a stronger case for some sensitivity, since Haiti and Central American countries rely heavily on exports of clothing to the United States, are politically unstable, and fear erosion of benefits. Removing the exclusion of shoes would not threaten them, however; nor should lines of clothing not made in Africa or the Western Hemisphere.

   On the other, the Murphy/Walorski bill proposes a very useful reform of the Competitive Need Limitation system. This would end the dollar-value thresholds for product eligibility, instead allowing 6.5% growth per year – a rate essentially identical to long-term natural import growth. It also encourages administrations to redesignate products which fell out of the system for exceeding CNL thresholds in earlier years but have since dropped back below the thresholds. This would avoid the steady diminution of benefits unintentionally caused by the current $5 million per year adjustment.

CONCLUSION

With these revisions, the reauthorization bills have a good chance to fulfill Congress' apparent hope — to sustain America's commitment to the poor abroad, while asking beneficiary country governments to do some more. It would provide more incentives for them to meet the new criteria, and for buyers to choose smaller and poorer countries as sources of goods. And it would reduce the risk that new criteria will clash with one another or make it impossible for well-meaning but imperfect poor-country governments to remain in the system.

On these terms, it would allow the Biden administration and Congress to claim appropriate credit for a thoughtful updating of a system that is admittedly old and somewhat creaky, but still successful and valuable. Such a renewal would help demonstrate in fact as well as rhetoric that America remains committed to a vision of a global economy which provides support for its weaker members as well as growth opportunities for its large and powerful economies; and brings some new ideas to the job.

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PROGRESSIVE POLICY INSTITUTE
1156 15th Street NW
Ste 400
Washington, D.C. 20005

Tel 202.525.3926
Fax 202.525.3941

info@ppionline.org
progressivepolicy.org