June 11, 2013

The Honorable Dave Camp
Chairman, Committee on Ways and Means

Dear Chairman Camp:

The nations of Algeria, Bangladesh, Ecuador, Fiji, Georgia, Indonesia, Moldova, Mongolia, Pakistan, Philippines, Sri Lanka, Thailand, Tunisia, Uruguay, and Yemen have come together as the Alliance of Generalized System of Preferences (GSP) Countries to request your urgent action to extend authorization of the GSP before it expires on July 31, 2013. We are gravely concerned about the likely impact of GSP expiration on our exporters, workers, families, and communities.

The GSP's importance to its beneficiary countries cannot be underestimated. The import program benefits more than 3.8 billion people living in two-thirds of the world's economies. They rely on GSP duty-free exports to the United States to create tangible economic development. Under the GSP last year, $19.9 billion of goods entered the U.S. market duty-free from 127 economies.

We are writing today to urge you to secure long-term renewal of the GSP. As your trade partners, we would be significantly and adversely impacted by GSP's expiration. The GSP has been very successful in generating investment in the production of thousands of eligible products, which create employment for workers who often are the sole support for their families.

However, investors and businesses require a predictable environment regarding the duty treatment of their products. If Congress allows the GSP to lapse or if it is extended only for a short time, any certainty disappears and the program's benefits are seriously undermined.

GSP benefits not only developing countries, GSP supports the U.S. economy by generating tens of thousands of direct jobs. Its duty-free treatment provisions saved U.S. importers $750 million in duties in 2012. Seamless GSP renewal is a priority for these importers, many of which are small and medium sized businesses. They rely on cost-competitive products imported under GSP for their raw materials, semi-manufactured inputs, and machinery.

Other U.S. importers sell finished GSP-eligible products to expand the choices for their customers. Equally important, the GSP requires developing countries to maintain internationally recognized standards for worker rights, the protection of intellectual property, and other conditions.

When Congress last considered the GSP for renewal in 2010, the program lapsed for 10 months. U.S. imports of GSP-eligible items during that period decreased by over 17 percent, while overall U.S. imports increased by 15 percent. The detrimental impact of GSP's uncertainty and U.S. importers' response to paying duties by switching to non-GSP suppliers affected millions of workers in developing economies who rely on these exports as a source of income and employment.

We have included an appendix of country-by-country accounts detailing how the GSP has made a tangible difference.

We respectfully request that you move forward to renew GSP quickly and for as long as possible. Please note that this type of stable and predictable environment supports the key GSP program goal of promoting development through exports and benefits U.S. businesses as well.

Thank you very much for your consideration of our views. If you have any questions, we would be happy to discuss them with you and your staff at your earliest convenience. We will contact your staff shortly to arrange a meeting to discuss the urgency of this issue.

Very sincerely,

H.E. Abdallah Baali
Ambassador Extraordinary and Plenipotentiary
Embassy of Algeria

H.E. Archil Gegeshidze
Ambassador Extraordinary and Plenipotentiary
Embassy of the Republic of Georgia

H.E. Akramul Qader
Ambassador Extraordinary and Plenipotentiary
Embassy of Bangladesh

H.E. Dr. Dino Patti Djalal
Ambassador Extraordinary and Plenipotentiary
Embassy of the Republic of Indonesia

H.E. Nathalie Cely Suarez
Ambassador Extraordinary and Plenipotentiary
Embassy of Ecuador

H.E. Igor Munteanu
Ambassador Extraordinary and Plenipotentiary
Embassy of the Republic of Moldova

H.E. Winston Thompson
Ambassador Extraordinary and Plenipotentiary
Embassy of Fiji

H.E. Altangerel Bulgaa
Ambassador Extraordinary and Plenipotentiary
Embassy of Mongolia

Dr. Asad Majeed Khan
Chargé d'Affaires (Ad Interim)
Embassy of the Pakistan

H.E. Mokhtar Chaouachi
Ambassador Extraordinary and Plenipotentiary
Embassy of Tunisia

H.E. Jose L. Cuisia Jr.
Ambassador Extraordinary and Plenipotentiary
Embassy of the Philippines

H.E. Carlos Pita Alvariza
Ambassador Extraordinary and Plenipotentiary
Embassy of the Republic of Uruguay

H.E. Jaliya Chitran Wickramasuriya
Ambassador Extraordinary and Plenipotentiary
Embassy of Sri Lanka

Adel Ali Ahmed Alsunaini
Counselor (Chargé d'Affaires) Ad Interim
Embassy of the Republic of Yemen

H.E. Dr. Chaiyong Satjipanon
Ambassador Extraordinary and Plenipotentiary
Embassy of the Kingdom of Thailand

APPENDIX

GSP'S TANGIBLE BENEFITS TO EXEMPLAR BENEFICIARY COUNTRIES

ALGERIA: In 2012, the United States imported chickpeas and dates from Algeria under the GSP. While import values were modest, the importance to Algeria of developing these smaller, non-hydrocarbon export industries is high. The country's farmers and growers need GSP benefits to remain competitive in the U.S. market in order for Algeria to increase employment and improve the lives of the country's rural residents.

BANGLADESH: As a least developed GSP beneficiary country, Bangladesh has been able to use GSP to export products only available to least developed countries, such as certain nuts, fruits, beans, rice, and vegetables. Bangladesh's GSP exports of agricultural products have created export-related employment opportunities for farmers and small businesses that would otherwise have few earnings options. While Bangladesh's overall exports to the United States were flat between 2011 and 2012, its exports eligible for GSP grew by 13 percent.

ECUADOR: The United States is Ecuador's premier trading partner. Ten percent of Ecuador's non-petroleum exports to the United States benefitted from GSP, including flowers, guavas, bananas, fruit juices, chocolate, palm heart, and electrical wires. These exports sustain many small businesses and farmers. GSP trade also benefits U.S. consumers and shops. In the flower industry, $.75 of every dollar spent by the consumer remains in the United States.

FIJI: Currently, 39 Fijian companies export to the U.S. market under the GSP. Products include cane molasses, fresh and chilled dasheens, and frozen cassava. These exports generate about $57 million in revenues and create 15,000 jobs. For example, Sustainable Mahogany Industries Limited (SMIL) produces guitar and other inputs made from sustainable and certified mahogany wood sources. SMIL has also opened the door to employing women in a traditionally male-dominated industry.

GEORGIA: Georgia's 2012 exports to the United States were $117.4 million. U.S. imports under GSP from Georgia include specialty items such as mineral water, sauces, jams, and juices. Ferrosilicon manganese, a key input for U.S. steel manufacturers, is a major U.S. import under GSP from Georgia. A U.S. company, Georgian American Alloys, Inc. mines the material in Georgia, which is then imported into the U.S. market. Loss of GSP for this product would add a 3.9 percent import duty, increasing input costs especially for U.S. steel users.

INDONESIA: In 2012, 26 percent of U.S. imports from Indonesia under the GSP were of Indonesian rubber. Indonesia's rubber plantations annually produce three million tons of rubber. Small rubber farmers own and cultivate 85 percent of that production. Loss of GSP would economically harm Indonesia's rubber producers, processors, and manufacturers. Indonesia's tire producers absorb 70 percent of the domestic rubber production and are a rare example of an emerging market adding value to a natural resource to create employment and, in this case, protect intellectual property.

MOLDOVA: In 2012, $2.2 million in exports entered the U.S. market under the GSP, which was a 120 percent increase over 2011. GSP growth has continued in 2013, at a rate of about 30 percent in the first four months of 2013, over the same period in 2012. Among key GSP exports were plastic fittings for jars and pipes as well as a variety of vegetables, jams, and specialty wines. Many of these products are produced by small and medium-sized enterprises for which the GSP provides an important competitive advantage to maintaining their U.S. market niches.

MONGOLIA: Tungsten concentrates are the top GSP-eligible U.S. import from Mongolia. U.S.-based Science Solutions extracts the mineral in its mine located in the far western province of Bayan-Olgii. In operation since 1995, the mine employs 100 workers in an area with few non-herding employment options. The mine exceeds local standards for safety, health, and environment and follows all labor laws, thereby setting a benchmark for top corporate behavior. Loss of GSP would jeopardize this operation, affecting related jobs and the supply of this key input to U.S. users.

PAKISTAN: Top GSP-eligible U.S. imports include gold jewelry, textile banners, and rice products. Rawling Sporting Goods of Washington, Missouri, imports leather gloves under the GSP from Pakistan. Disruption in GSP duty-free trade would jeopardize small, family-owned businesses that have few income-generating alternatives.

PHILIPPINES: Green Carbon, Inc. is an activated carbon producer on the island of Leyte, one of the poorest provinces in the Philippines. The raw material, coconut shell charcoal, is purchased directly from coconut farmers. Activated carbon is a top U.S. import under GSP from the Philippines. Another important GSP-eligible import is rope made of abaca, an indigenous fiber. This rope is in stiff international competition with synthetic and sisal ropes and is highly price sensitive. Abaca is grown in a number of economically challenged, agricultural provinces of the Philippines where more than 78,000 Philippine farmers and 140,000 farm workers - along with 430,000 family members - rely on its production for their livelihoods.

SRI LANKA: Following nearly three decades of conflict that ended in 2009, the U.S. market accounts for a third of the country's exports. The GSP has enabled many small businesses to gain a foothold in the U.S. market. As an example, a female entrepreneur began a rubber glove export company after learning about duty-free treatment for these products under GSP. Coir and other brushes, made by rural Sri Lankan residents of tsunami-impacted areas, are now a major export due to duty-free treatment under GSP.

THAILAND: The GSP program is crucial to sustained improvement Thai workers' livelihoods and income growth. In order to grow domestic demand, the Thai Government has implemented an increase of the minimum daily wage rate to 300 baht (about $10) in various parts of the country. To sustain these increased costs and achieve higher living standards, Thai export-focused businesses need duty-free treatment under the GSP program to remain cost-competitive in the U.S. market.

TUNISIA: After the January 2011 revolution, Tunisia's economy faltered. However, increased stability has allowed U.S. imports under GSP to more than double so far in 2013. U.S. import growth from Tunisia has been especially strong under GSP for olive oil, gold jewelry, dates, small motors, and edible oils.

URUGUAY: GSP products account for 17 percent of Uruguay's exports to the U.S. market, support many small producers such as cheese cooperatives, located in rural areas. The competitiveness of Uruguay's plywood industry would be severely undermined by the loss of GSP and reinstatement of an 8 percent duty. Weyerhauser Company has three major operations in Uruguay that produce Forest Stewardship Council-certified plywood from eucalyptus and pine - both sustainable alternatives to tropical or endangered wood species.

YEMEN: Yemen historically has exported petroleum products, as well as spices, tea, and coffee under GSP. Recently, its GSP exports have diversified into silver jewelry, plastic plates, and lighting fixtures. Growing these exports under the GSP program is key for Yemeni producers to sustain continued economic growth and development.

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