



THE COMMITTEE ON WAYS AND MEANS

The Generalized System of Preferences and Miscellaneous Tariff Bill Act Of 2021 Fact Sheet

Strengthening GSP to Promote More Equitable and Sustained Economic Development

The Generalized System of Preferences (GSP), one of our oldest trade preference programs created in 1974, is designed to foster economic development in some of the poorest countries in the world. GSP does so by allowing developing countries to share in the benefits of international trade while also requiring those countries to meet basic eligibility criteria that help improve the terms of trade and ensure that those economic benefits are more equitably shared.

For all its successes, GSP continues to have a number of shortcomings. It includes antiquated labor rights criteria that have not kept pace with the progress made in our trade agreements. Strengthened labor criteria would promote more equitable and inclusive economic development in partner countries and complement domestic efforts to ensure trade benefits all communities, particularly the most marginalized groups and workers. To this day, GSP does not include any criteria related to the environment. As women's economic participation becomes a focal point for development and as COVID-19 displaces women from the workforce in alarming numbers, GSP does not address women's rights. Remarkably, GSP fails to include criteria related to the rule of law, human rights, good governance, and anti-corruption – criteria that our African trading partners have to meet under the African Growth and Opportunity Act and that have been widely accepted for decades as being critical for achieving sustainable and effective economic development.

It is also time to reevaluate the current rules of origin in GSP to ensure that the benefits of the program flow to the beneficiary countries, and not to unintended third countries. In addition, we think it is important to take a broad look at the utilization rates of GSP to make sure that the most economically vulnerable countries are able to fully take advantage of the program.

GSP is a valuable component of our trade and development policy, and an essential tool for expanding economic and diplomatic ties with the developing world. However, it is vital that our preference programs better reflect our current values and serve as a signal to the world of what we hold important.

[The Generalized System of Preferences and Miscellaneous Tariff Bill Modernization Act of 2021:](#)

- Adds an environmental criterion to GSP.



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- Updates the GSP labor criteria to effectively enforce internationally recognized worker rights and expands the definition to include elimination of discrimination in occupation and employment, and the elimination of violence against workers, including gender-based violence and harassment.
- Adds new GSP criteria on human rights, rule of law, political pluralism, anti-corruption, and economic development.
- Adds new annual country eligibility reviews and transparency requirements for administrative decisions made under the program.
- Enhances public access and participation in the program by creating a new process to receive petitions at any time and setting maximum timelines for reviews to be completed.
- Requires a study on the rules of origin, women's economic empowerment, and GSP utilization rates to help the least developed countries receive more of the benefits.
- Establishes a mechanism to review beneficiary country's laws related to worker and gender rights.
- Encourages the adoption of gender-based data collection measures to help create greater equitable economic development outcomes.
- Renews the program for four years and provides retroactive benefits.

Authorizing the MTB and Reauthorizing the AMCA to Reduce Costs for Domestic Manufacturers

The Miscellaneous Tariff Bill (MTB) authorizes temporary duty suspensions or reductions for certain eligible U.S. imports to support domestic manufacturers. Congress has passed MTB legislation to suspend or reduce tariffs temporarily on raw materials and components used in U.S. manufacturing since 1982.

Congress authorized a new process for MTBs through the American Manufacturing Competitiveness Act of 2016 (AMCA), which gives the U.S. International Trade Commission (USITC) authority to conduct the MTB petition, review, and recommendation process. Congress may consider legislation to provide tariff benefits only for petitions recommended by USITC, and not objected to by Members of Congress. Pursuant to the AMCA, the MTB may authorize duty suspensions or reductions for eligible imports for up to three years.

Importers increasingly have used the MTB process to seek duty suspensions or reductions for imports of finished goods, including products from China, rather than inputs used for domestic manufacturing. The Generalized System of Preferences and Miscellaneous Tariff Bill Act of 2021 aims to support domestic manufacturers and limit benefits for imports from China by excluding finished products from future MTBs authorized under the AMCA.



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The Generalized System of Preferences and Miscellaneous Tariff Bill Modernization Act of 2021:

- Authorizes the MTB, which eliminates or reduces duties on certain imports (listed in the bill) based on recommendations from the USITC through December 31, 2023, retroactive for four months.
- Reauthorizes the AMCA for two more MTB cycles.
- Excludes finished products from future MTB cycles authorized by the AMCA.