



**Congressional
Research Service**

Informing the legislative debate since 1914

Generalized System of Preferences: Agricultural Imports

Renée Johnson

Specialist in Agricultural Policy

December 8, 2016

Congressional Research Service

7-5700

www.crs.gov

RS22541

Summary

The Generalized System of Preferences (GSP) provides duty-free tariff treatment for certain products from designated developing countries. Agricultural imports under GSP totaled \$2.6 billion in 2015, nearly 15% of the value of all U.S. GSP imports. Leading agricultural imports (based on value) include processed foods and food processing inputs; beverages and drinking waters; processed and fresh fruits and vegetables; sugar and sugar confectionery; olive oil; and miscellaneous food preparations and inputs for further processing. The majority of these imports are from Thailand, Brazil, India, Indonesia, and Turkey, which combined account for roughly two-thirds of total agricultural GSP imports.

GSP was most recently extended until December 31, 2017 (Title II of P.L. 114-27). Expiration of the program in 2017 means that GSP renewal could be a legislative issue in the 115th Congress. Additional background information on such legislation is available in CRS Report RL33663, *Generalized System of Preferences: Overview and Issues for Congress*.

Over the past decade, GSP renewal has been somewhat controversial. Some in Congress have continued to call for changes to the program. Both Congress and the previous Administrations have made changes to the program regarding product coverage (e.g., the type of products that can be imported under the program) and country eligibility (e.g., limiting GSP benefits to certain countries). Both Congress and the previous Administrations have tightened and/or expanded the program's requirements on imports under certain circumstances. In recent years, a number of countries have had their GSP status revoked, including Argentina and Russia, among others. In September 2015, President Obama announced, among other things, that Seychelles, Uruguay, and Venezuela had become "high income" countries and were no longer eligible to receive GSP benefits, effective January 1, 2017. Also, as part of the most recent GSP extension, Congress designated a few new product categories as eligible for GSP status, including some cotton products (for least-developed beneficiaries only) and other non-agricultural products.

Congressional leaders have continued to express an interest in evaluating the effectiveness of U.S. trade preference programs, including GSP, and broader reform of these programs might be possible. Opinion within the U.S. agriculture industry is mixed, reflecting both support for and opposition to the current program.

Contents

Background	1
GSP Agricultural Imports	1
Legislative and Administrative Changes	3
Changes Regarding Product Coverage.....	4
Changes Regarding Country Eligibility	6
Implications of Possible Program Changes	6

Tables

Table 1. U.S. Agricultural Imports under the GSP Program, 2015.....	2
Table 2. U.S. Agricultural Imports under the GSP Program, by Country, 2015	3
Table 3. GSP-Eligible Cotton Products (Least-Developed Beneficiaries), P.L. 114-27	5

Contacts

Author Contact Information	8
----------------------------------	---

Background

The U.S. Generalized System of Preferences (GSP) was established by the Trade Act of 1974 (19 U.S.C. 2461, et seq.) and now provides preferential duty-free entry of up to 5,000 agricultural and non-agricultural products for 120 designated beneficiary countries and territories.¹ Agricultural products under the program totaled \$2.6 billion in 2015, accounting for 15% of the total value of annual GSP imports. Some in Congress have called for changes to the program that could limit or curtail benefits to certain countries.

The program was most recently extended until December 31, 2017 (Title II of P.L. 114-27). Expiration of the program in 2017 means that GSP renewal could be a legislative issue in the 115th Congress.² In recent years, GSP has been reauthorized through a series of short-term extensions.

GSP Agricultural Imports

In 2015, U.S. imports under GSP totaled \$17.7 billion, accounting for roughly 1% of all commodity imports. Leading U.S. imports under the program are manufactured products and parts, chemicals, plastics, minerals, and forestry products.³

Agricultural products accounted for 15% of all imports under GSP, totaling \$2.6 billion in 2015. Compared to 2010, the value of agricultural imports under the program has nearly doubled. Imports under the program account for about 2% of total U.S. agricultural imports.⁴ **Table 1** shows the leading agricultural products (ranked by value) imported into the United States under the program. Leading agricultural imports (based on value) include processed foods and food processing inputs; beverages and drinking waters; processed and fresh fruits and vegetables; sugar and sugar confectionery; olive oil; and miscellaneous food preparations and inputs for further processing.

More than one-third of agricultural imports under GSP (based on value) include food processing inputs, such as miscellaneous processed foods, processed oils and fats, fruit and vegetable preparations, and ag-based chemicals and byproducts (**Table 1**). About 15% of GSP agricultural imports consist of sugar and sugar-based products, and cocoa and cocoa-containing products. Mineral waters and other types of beverages account for about 12%, while olive oil accounts for

¹ Effective as of January 2017. Office of the U.S. Trade Representative (USTR)'s website: <https://ustr.gov/issue-areas/trade-development/preference-programs/generalized-system-preference-gsp>. See also USTR, *U.S. Generalized System of Preferences Guidebook*, September 2016, <https://ustr.gov/sites/default/files/GSP-Guidebook-September-16-2016.pdf>. Regulations for implementing the GSP are at 15 C.F.R. Part 2007.

² The program was also retroactively renewed for all GSP-eligible entries between July 31, 2013 (the latest expiration date), and the effective date of the current GSP renewal (July 29, 2015). For more background information on GSP, see CRS Report RL33663, *Generalized System of Preferences: Overview and Issues for Congress*.

³ For additional general information, see U.S. Chamber of Commerce, *Estimated Impacts of the U.S. Generalized System of Preferences to U.S. Industry and Consumers*, October, 2006.

⁴ The value of selected U.S. agricultural imports totaled \$111 billion in 2015 (compiled by CRS using trade data from U.S. International Trade Commission). Based on agriculture commodities as defined by the WTO Agreement on Agriculture (USDA, *Profiles of Tariffs in Global Agricultural Markets*, AER-796, Appendix, January 2001). Includes U.S. Harmonized Tariff Schedule (HTS) chapters 1-24, excluding chapter 3 (fish and fish products, except processed), and parts of chapters 29, 33, 35, 38, 41, 43, and 50-53. Imports for consumption, actual U.S. dollars.

about 8% of the value of GSP agricultural imports. Fresh fruits and vegetables account for another 11%, with roughly half of that consisting of bananas and other tropical produce imports.

Most GSP agricultural imports are supplied by beneficiary countries that have been identified for possible graduation from the program. In 2015, five beneficiary countries ranked by import value—Thailand, Brazil, India, Indonesia, and Turkey—accounted for roughly two-thirds of the value of agricultural imports under the GSP program (see **Table 2**). Thailand and Brazil alone accounted for 40% of agricultural imports under the program.

Table 1. U.S. Agricultural Imports under the GSP Program, 2015

HTS Chapter(s) Subsection	Import Categories	2015 (\$ millions)	% Share	GSP Share Total Ag Imports
19, 21, 13	Processed foods & food processing inputs	534.8	21%	4%
20, 14	Processed fruits & vegetables, inputs	360.5	14%	6%
17	Sugars and sugar confectionery	261.0	10%	9%
22	Beverages, water, spirits, and vinegar	316.0	12%	2%
1509	Olive oil	199.4	8%	17%
23, 3501-3505, 3301, 38 (part)	Other ag-based chemicals, residues, and byproducts	184.0	7%	2%
8 (part), 7	Other fresh fruits and vegetables	172.8	7%	1%
18	Cocoa & cocoa-containing products	119.1	5%	2%
8 (part)	Fresh tropical fruits	110.8	4%	3%
10, 11	Grain-based products	77.2	3%	3%
16	Processed meat & fish products	68.1	3%	2%
12, 15 (part)	Oilseeds & processed oils/fats	48.5	2%	1%
9	Coffee, tea, & spices	35.7	1%	0%
2905 (part)	Ag-based organic chemicals (e.g. sorbitol)	32.8	1%	25%
6	Plants and cut flowers	21.4	1%	4%
4	Dairy products	14.0	1%	1%
5, 4301, 41 (part)	Misc. animal products, incl. hides	11.5	<1%	1%
8 (part)	Nuts	4.5	<1%	<1%
24	Tobacco products	1.4	<1%	<1%
50-53 (part)	Ag-based textile inputs (cotton, wool, etc.)	0.3	<1%	<1%
1, 2	Meat products, incl. live animals	0.2	<1%	<1%
	Total	2,573.9	100%	2.3%

Source: CRS calculations from data from U.S. International Trade Commission, <http://dataweb.usitc.gov>. Imports for consumption, actual U.S. dollars. Select GSP countries are ranked by value of imports. Agriculture commodities as defined by the WTO Agreement on Agriculture. Includes U.S. Harmonized Tariff Schedule chapters 1-24, excluding chapter 3 (fish and fish products, except processed), and parts of chapters 29, 33, 35, 48, 41, 43, and 50-53 (USDA, *Profiles of Tariffs in Global Agricultural Markets*, AER-796, Appendix, January 2001).

Table 2. U.S. Agricultural Imports under the GSP Program, by Country, 2015

Country of Origin	2015 (\$ millions)	%2015 Share	% Change 2005-2015 ^a	Major import product categories
Thailand	709.0	28%	9%	food preparations, preserved fruits and vegetables, waters, grain products, sauces and condiments, confectionery
Brazil	310.7	12%	4%	fruit juices, gelatin derivatives, sugar confectionery, tropical fruits, miscellaneous food preparations, cocoa products
India	296.4	12%	9%	vegetable saps/extracts, gelatin derivatives, preserved cucumbers, essential oils (peppermint), spices
Tunisia	198.5	8%	25%	olive oil and olive products, tropical fruits, sugar confectionary, sauces and condiments, spices
Turkey	176.1	7%	4%	sugar confectionary, olive oil, prepared/preserved fruits and vegetables, fruit juices, condiments and spices
Indonesia	164.5	6%	13%	sugar alcohols and organic chemicals, seafood, tobacco products, sugar confectionary, edible animal products
Philippines	150.5	6%	3%	cane/beet sugar, fresh/processed fruits and tropical fruits, fish products, coconut oil and coconuts, grains, waters
Ecuador	150.0	6%	21%	preserved/frozen fruit products, sugar, floriculture/plants, seeds, bulbs, tuber vegetables
Cote d'Ivoire	58.1	2%	10%	cocoa and cocoa-containing products
Pakistan	56.4	2%	20%	sugar and molasses products, rice, spices, tropical fruits
Subtotal	2,270.3	88%	9%	—
Other	303.6	12%	1%	—
Total	2,573.9	100%	7%	—

Source: CRS calculations from data from USITC, <http://dataweb.usitc.gov>. Imports for consumption, actual U.S. dollars. Includes HTS chapters 1-24, excluding chapter 3 (fish and fish products, except processed), and parts of HTS chapters 29, 33, 35, 48, 41, 43, and 50-53. Select GSP countries ranked in terms of value of imports in 2007 (10-digit HTS level). Agriculture commodities as defined by the WTO Agreement on Agriculture (for information, see USDA, *Profiles of Tariffs in Global Agricultural Markets*, AER-796, Appendix, January 2001). Totals may not add due to rounding.

a. Based on compound annual rate of growth, or the year-over-year growth rate, over period. Data are actual (nominal) and not corrected for inflation.

Legislative and Administrative Changes

GSP was most recently extended until December 31, 2017 (Title II of P.L. 114-27). Over the past decade, GSP renewal has been somewhat controversial. Some in Congress have continued to call for changes to the program, including tightening the program's requirements on products that can be imported under the program and limiting GSP benefits for certain eligible countries. Leaders of the House Ways and Means Committee and the Senate Finance Committee have continued to express an interest in evaluating the effectiveness of U.S. trade preference programs, including GSP, and broader reform of these programs might be possible.⁵ Both committees have conducted

⁵ For an overview of U.S. trade preference programs, see CRS Report R41429, *Trade Preferences: Economic Issues and Policy Options*.

a series of oversight hearings in recent years,⁶ focused on determining the effectiveness of U.S. trade preference programs and discussing ways to reform them. Others have continued to call for meaningful reforms to GSP.⁷ The Government Accountability Office (GAO) has published a series of reports highlighting the perceived benefits and shortcomings of U.S. preference programs, including GSP.⁸

Amendments to GSP followed extensive debate about the program during the 109th Congress. Specifically, some in Congress questioned the inclusion of certain more advanced “beneficiary developing countries” (BDCs)⁹ under GSP and also commented that certain countries had contributed to the ongoing impasse in multilateral trade talks in the WTO Doha Development Agenda.¹⁰ In response to these concerns, both Congress and the previous Administrations have made changes to the program regarding product coverage (e.g., the type of products that can be imported under the program) and country eligibility (e.g., limiting GSP benefits to certain countries).

Changes Regarding Product Coverage

Congress enacted a number of amendments to GSP as part of its annual review in 2006 by tightening the program’s rules on “competitive need limits” (CNL) waivers that allow imports from beneficiary countries in excess of GSP statutory thresholds for some products (P.L. 109-432). CNLs are quantitative ceilings on GSP benefits for a particular product from a particular BDC. CNL waivers allow for certain products to be imported from a country duty-free under GSP despite the statutory import thresholds. Periodically USTR has revoked a country’s CNL waiver, as part of the agency’s program review. For example, as part of USTR’s 2006 review, Côte d’Ivoire lost its CNL waivers for fresh or dried shelled kola nuts (HTS 0802.90.94).¹¹ In 2006, the statute was amended to allow for the revocation of any waiver that has been in effect for at least five years, if a GSP eligible product from a specific country has an annual trade level in the

⁶ See, for example, general trade hearings on President Obama’s Trade Policy Agenda, including hearings on April 3, 2014 (House Ways and Means) and on April 22, 2015 (Senate Finance Committee). See also House Ways and Means Subcommittee on Trade, “Hearing on the Operation, Impact, and Future of the U.S. Preference Programs,” November 17, 2009; and Senate Finance Committee, “Oversight of Trade Functions: Customs and Other Trade Agencies,” June 24, 2008.

⁷ See, for example, R. Olson, “The Generalized System of Preferences: Time to Renew and Reform the U.S. Trade Program,” The Heritage Foundation, Backgrounder #2942, September 10, 2014. See also M. Wein, “The Little Black Book of Billionaire Secrets Should Congress Renew GSP?” *Forbes*, February 18, 2014; and remarks of Senator Charles Grassley, Washington International Trade Association, June 18, 2009.

⁸ See, for example, GAO, “Options for Congressional Consideration to Improve U.S. Trade Preference Programs,” GAO-10-262T, November 17, 2009; GAO, “The United States Needs an Integrated Approach to Trade Preference Programs,” GAO-08-907T, June 12, 2008; GAO, “U.S. Trade Preference Programs Provide Important Benefits, but a More Integrated Approach Would Better Ensure Programs Meet Shared Goals,” GAO-08-443, April 8, 2008; GAO, “An Overview of Use of U.S. Trade Preference Programs by Beneficiaries and U.S. Administrative Reviews,” GAO-07-1209, Oct 29, 2007.

⁹ A current listing of BDCs under the GSP is available in the U.S. Harmonized Tariff Schedule (General Notes).

¹⁰ See, for example, U.S. Senate, Committee on Finance, Opening Statement of Senator Charles Grassley, Hearing on the Nomination of Susan C. Schwab to be U.S. Trade Representative, May 16, 2006.

¹¹ Presidential Proclamation 8157 of June 28, 2007; 72 *Federal Register* 127: 36528, July 3, 2007 (2006 Review). Historically, there have been few CNL waivers to the GSP for agricultural products and it is unlikely that these program changes greatly affected U.S. agricultural imports under the program.

previous calendar year that exceeds 150% of the annual dollar value limit or exceeds 75% of all U.S. imports.¹²

In July 2015, USTR granted a CNL waiver for coconut products (HTS 2008.19.15) from Thailand.¹³ USTR further granted CNL waivers, in July 2016, for the following products: (1) certain pitted dates (HTS 0804.10.60) from Tunisia; (2) certain inactive yeasts (HTS 2102.20.60) from Brazil; and (3) certain nonalcoholic beverages (HTS 2202.90.90) from Thailand.¹⁴ Other existing waivers include sugar and preserved bananas (Philippines); sugar, carnations, figs, yams, and gelatin derivatives (Colombia); and animal hides (South Africa and Thailand).¹⁵

A listing of all current CNL waivers, including for agricultural products under GSP, is available in USTR's *GSP Guidebook*.¹⁶

In addition, the most recent GSP extension in 2015¹⁷ broadly designated five new cotton products as eligible for GSP status (for least-developed beneficiary developing countries only), along with some other non-agricultural products (**Table 3**).¹⁸ Some African cotton-producing nations, such as Benin, Burkino Faso, Chad, and Mali, are among the current list of eligible countries. To date, no cotton imports have been reported under these new import categories.

Table 3. GSP-Eligible Cotton Products (Least-Developed Beneficiaries), P.L. 114-27

Harmonized Tariff Schedule Number	Description	Normal Trade Relations Tariff
5201.00.18	Cotton, not carded or combed; harsh or rough, having a staple length under 19.05 mm (3/4 inch); Other	31.4¢ per kilogram
5201.00.28	Cotton, not carded or combed; other, harsh or rough, having a staple length of 29.36875 mm (1-5/32 inches) or more and white in color (except cotton of perished staple, grabbots and cotton pickings); Other	31.4¢ per kilogram
5201.00.38	Cotton, not carded or combed; having a staple length of 28.575 mm (1-1/8 inches) or more but under 34.925 mm (1-3/8 inches); Other	31.4¢ per kilogram
5202.99.30	Cotton waste (including yarn waste and garnetted stock); Other	7.8¢ per kilogram
5203.00.30	Cotton, carded or combed; fibers of cotton processed, but not spun; Other	31.4¢ per kilogram

Source: Title II of the Trade Preferences Extension Act of 2015, P.L. 114-27. See also 80 *Federal Register* 128: 60731, October 7, 2015.

¹² For more information, see USTR, *U.S. Generalized System of Preferences Guidebook*, September 2016, p. 11. The previous law stipulated a CNL requiring that countries export no more than 50% of total U.S. imports of each product or no more than a specified dollar amount of the imports for a given year.

¹³ 80 *Federal Register* 128: 60731, October 7, 2015.

¹⁴ 81 *Federal Register* 81: 47488, July 21, 2016 (2015/2016 Annual GSP Review).

¹⁵ Previously, CNLs were designated for Argentina (certain nuts, animal hides) and Russia (caviar).

¹⁶ USTR, *U.S. Generalized System of Preferences Guidebook*, September 2016, p. 22.

¹⁷ P.L. 114-27, §202.

¹⁸ Congress gave the President the authority to designate certain cotton products as eligible for GSP if imported by least-developed beneficiaries in Title II of the Trade Preferences Extension Act of 2015, P.L. 114-27. See 80 *Federal Register* 128: 60731, October 7, 2015.

Changes Regarding Country Eligibility

In early 2012, the Obama Administration implemented a number of actions affecting certain countries' eligibility under the GSP program. Included was the suspension of GSP eligibility of Argentina. Argentina was among the program's top beneficiary countries, accounting for more than 10% of all agricultural imports under the GSP (ranked by import value). The President suspended GSP benefits for Argentina because "it has not acted in good faith in enforcing arbitral awards in favor of United States citizens or a corporation, partnership, or association that is 50 percent or more beneficially owned by United States citizens."¹⁹ (In October 2016, the Government of Argentina requested designation as a beneficiary of the GSP, which is under review by USTR.)²⁰ In 2012, Gibraltar and the Turks and Caicos were graduated from the program after they were determined to have become "high income" countries, while the Republic of South Sudan and Senegal were designated as "least-developed beneficiary developing countries" (LDBDCs),²¹ becoming eligible under GSP.

Other countries have since been suspended from GSP. The Administration announced the suspension of GSP benefits for Bangladesh in June 2013. To date, USTR has not reinstated Bangladesh's GSP status. In 2014, following Russia's invasion of Crimea, many in Congress became critical of Russia's status as a GSP beneficiary.²² Russia's GSP status was officially terminated in October 2014.²³ Under GSP, Russia had exported nearly \$20 million of agricultural products in 2012, duty-free, including grain-based products, cocoa preparations, sugar and molasses-based confectionary, tree nuts, and other products.

In September 2015, President Obama announced, among other things, that Seychelles, Uruguay, and Venezuela had become "high income" countries and were no longer eligible to receive GSP benefits, effective January 1, 2017.²⁴ In September 2016, USTR reinstated Burma's (Myanmar's) eligibility for GSP benefits as an LDBDC, effective November 13, 2016.²⁵

For more information and for a discussion of possible legislative options, see CRS Report RL33663, *Generalized System of Preferences: Overview and Issues for Congress*.

Implications of Possible Program Changes

Changes made to GSP in the past decade have affected the overall distribution and volume of both agricultural and non-agricultural product imports under the program.

¹⁹ Presidential Proclamation 8788 of March 26, 2012; 77 *Federal Register* 61: 18899, March 29, 2012. See also USTR, "U.S. Trade Representative Ron Kirk Comments on Presidential Actions Related to the Generalized System of Preferences," March 26, 2012, press release.

²⁰ 81 *Federal Register* 224: 83325, November 21, 2016.

²¹ A current listing of LDBDCs under the GSP is available in the U.S. Harmonized Tariff Schedule (General Notes).

²² U.S. Congress, House Committee on Ways and Means, *Withdrawal of Russia as a Beneficiary Developing Country under the Generalized System of Preferences*, Executive Communication from Obama, Barack H., 113th Cong., May 7, 2014, H.Doc.113-107.

²³ Presidential Proclamation 9188 of October 3, 2014; 79 *Federal Register* 195: 60945, October 8, 2014. The President's withdrawal of the preference was based on Section 502(f)(2) of the Trade Act of 1974 (19 U.S.C. 2462(f)(2)), which states that one of the factors determining country eligibility is its level of economic development.

²⁴ Presidential Proclamation 9333 of September 30, 2015; 80 *Federal Register* 192: 60249, October 5, 2015.

²⁵ Presidential Proclamation 9492 of September 14, 2016; and USTR, "United States Reinstates Trade Preference Benefits for Burma Following Review of Eligibility Criteria," September 2016 press release.

The suspension from GSP of some countries, such as Argentina, likely has had an impact on agricultural trade under the program. Argentina had been among the main beneficiary countries under GSP and in earlier years accounted for more than one-tenth of all agricultural imports under GSP (ranked by import value). In 2012, Argentina had exported \$116 million of agricultural products under the program, accounting for nearly 5% of the total value of GSP agricultural imports. Products imported from Argentina under GSP included casein, olive oil, prepared meats, gelatin derivatives, cheese and curd, sugar confectionery, wine, and other food products. Other countries whose GSP beneficiary status has been suspended or who have graduated out of the program had not been major suppliers of U.S. agricultural imports under the program.

Aside from changes made to the list of eligible GSP countries, other statutory changes to GSP tightening rules for CNL waivers may not have greatly affected U.S. agricultural imports under the program. Historically, there have been few CNL waivers for agricultural products imported duty-free under GSP. Other types of program changes, however, could affect U.S. agricultural imports under the program, including additional limits on CNL waivers from certain countries or graduation of some beneficiary countries. Some African cotton-producing nations are now eligible to supply certain cotton products to the United States, but data are not yet available to determine whether imports will consequently increase under these new categories.

Although USTR has continued to conduct annual reviews of the program, it has not conducted a broad review that has solicited extensive stakeholder comment. However, previous comments submitted to USTR as part of its 2006 review from U.S. agricultural industry groups indicate that opinions vary among U.S. agricultural groups regarding the program.²⁶ For example, the American Farm Bureau Federation (AFBF) expressed its general opposition to the GSP program, stating that products imported duty-free under the program compete with U.S.-produced goods without granting a commensurate level of opportunity for U.S. producers in foreign markets. AFBF further supported withdrawal of CNL waivers for the Philippines, Argentina, and Colombia. The Grocery Manufacturers Association (GMA) expressed support for the current GSP program and identified certain agricultural products of importance to GMA under the program, including sugar confections, spices, and certain processed foods and inputs from Brazil, India, and Argentina. GMA's position was generally supported by comments from the American Spice Trade Association, the National Confectioners Association, and the Chocolate Manufacturers Association. GMA has previously supported congressional efforts to extend GSP.²⁷

What remains unclear is whether duty-free access for most agricultural imports under the GSP greatly influences a country's willingness to export these products to the United States. In most cases, costs associated with import tariffs are borne by the importer. These costs may be passed on to the BDCs in terms of lower import prices. However, import tariffs to the United States for most of these products tend to be low. As calculated by CRS, *ad valorem* equivalent tariffs range from 3% to 4% for sugar, 2% to 10% for cocoa-containing products, 5% to 12% for confectionery, 1% to 2% for most processed meats, about 2% for olive oil, less than 1% for mineral water, and about 5% for agriculture-based organic chemicals.²⁸ In general, any additional costs that might be incurred by the BDCs as a result of the proposed changes could be more than offset by the generally higher U.S. prices for most products compared to prices in other world

²⁶ Based on public comments to the 2006 Trade Policy Staff Committee (TPSC) recommendations submitted to USTR.

²⁷ See, for example, the letter to Representatives Sander Levin and Dave Camp, and Senators Max Baucus and Charles Grassley, from several U.S. companies and manufacturing associations, including GMA, November 10, 2010.

²⁸ Calculated tariffs based on the in-quota rate. Under the GSP, agricultural products subject to a TRQ exceeding the in-quota quantity is ineligible for duty-free import (19 U.S.C. 2463(b)(3)).

markets. Nevertheless, the imposition of even relatively low import tariffs could represent an increase in input costs to some U.S. food processors and industrial users. These costs could be passed on to consumers through higher prices for these and other finished agricultural or manufactured products. As shown in **Table 1**, most GSP agricultural imports are intermediate goods and inputs, such as raw sugar, miscellaneous processed foods, preparations, and byproducts, and agriculture-based organic chemicals.

Author Contact Information

Renée Johnson
Specialist in Agricultural Policy
rjohnson@crs.loc.gov, 7-9588