

# USTR Announces Outcome of GSP Limited Product Review

Cotton Products Added; Products from Ukraine Redesignated;  
Three Countries Graduated Based on Income

Washington, D.C. – The Office of the United States Trade Representative announced today the outcome of the Obama Administration’s Limited Product Review under the Generalized System of Preferences (GSP) program. GSP is a 39-year-old trade preference program under which the United States provides duty-free treatment to many imports from developing countries.

“With the recent bipartisan renewal of the Generalized System of Preferences (GSP) program, thousands of products from over 120 developing countries are once again eligible for duty-free entry into the United States, supporting those countries’ economic development and helping to keep U.S. manufacturers competitive,” said U.S. Trade Representative Michael Froman. “The annual GSP product review helps to ensure that the program is meeting statutory requirements and keeping up with evolving trade patterns, including those related to the competitiveness of beneficiary countries in different product areas.”

Based on the Administration’s review of various issues and petitions related to eligibility of products under the GSP program, President Obama made several determinations today affecting product coverage under GSP, including the following:

- The addition of five upland cotton fiber products to eligibility for duty-free treatment under GSP when imported from least developed country (LDC) beneficiaries. This action fulfills the U.S. pledge in the World Trade Organization to make imports of all upland cotton products from LDCs duty-free and quota-free;
- The reinstatement (redesignation) to GSP eligibility of three products from Ukraine and one from Indonesia that had previously been excluded from the program based on competitive need limitations;
- The granting of competitive need limitation (CNL) waivers, ensuring continued GSP duty-free benefits, for 100 products from 13 countries, including both petitioned and *de minimis* waivers; and
- The revocation of CNL waivers for three products from certain countries that had exceed certain statutory limits related to competitiveness.

Changes to GSP tariff treatment for these products will become effective on October 1, 2015.

- The President also found that, consistent with statutory provisions concerning country eligibility, three GSP beneficiary countries – **Seychelles**, Uruguay, and Venezuela – have recently surpassed the GSP income threshold and, therefore, will be graduated from eligibility for GSP trade benefits, **effective January 1, 2017**. Since GSP eligibility is a precondition for benefits under the African Growth and Opportunity Act (**AGOA**), Seychelles – which is currently a beneficiary of AGOA – will also graduate from benefits for that program effective January 1, 2017.

The full results of the GSP Limited Product Review are available [here](#) and will also be announced in the Federal Register.

## Background

Under the GSP program, up to 5,000 types of products from 122 beneficiary developing countries and territories, including 43 least-developed countries, are eligible for duty-free treatment when exported to the United States. In 2014, the total value of imports that entered the United States duty-free under GSP was \$18.3 billion.

As part of the GSP Limited Product Review, an interagency committee led by USTR (the GSP Subcommittee of the Trade Policy Staff Committee) received and considered requests seeking:

1) to waive product exclusions for certain countries based on statutory requirements related to competitiveness (CNLs), and 2) to redesignate for GSP eligibility products previously excluded for certain countries based on CNLs. The GSP Subcommittee also considered whether to recommend the revocation of CNL waivers for products from certain countries where 2014 U.S. imports had exceeded statutory “super CNL” thresholds. Finally, the Subcommittee also considered the addition to GSP for LDCs only of five upland cotton products previously ineligible for GSP. The Trade Preferences Act of 2015 gave the President the authority to designate these cotton products for duty-free treatment under GSP when imported from LDCs.

The GSP Subcommittee solicited public comments on CNL-related issues and also held a hearing on August 11 to hear testimony on the CNL waiver petitions and the proposed addition of the cotton products. In addition, the Subcommittee reviewed analyses prepared by the U.S. International Trade Commission of the economic impact on U.S. industries and consumers of the petitioned CNL waiver requests and product additions.