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Ambassador Schwab Praises Trade Preference Extension, Calls for FTA Passage

WASHINGTON, DC – U.S. Trade Representative Susan C. Schwab praised the recent extension of the Andean Trade Preference Act (ATPA) and the Generalized System of Preferences (GSP), and called upon Congress to go a step further and approve the Free Trade Agreements (FTAs) with Colombia, Panama and Korea.

“Today’s action by Congress to extend the Andean Trade Preference Act and the Generalized System of Preferences ensures continuation of tariff suspensions on a wide variety of products used by all Americans,” Ambassador Schwab said. “This will help keep prices down on these imports, which is particularly important for American consumers at this time when we are all tightening our economic belts.

“However, this is only one side of the trade equation – the import side,” Ambassador Schwab said. “The House and Senate now need to take up the issues facing American exports, and create a level playing field for American goods and services sold abroad. Congress should approve the FTAs with Colombia, Panama and Korea, which would reduce or eliminate tariffs faced by American goods and services sold in those countries.

“Congress should not lose sight of the strong, positive impact trade has had as the shining star of our economy. For the past four quarters, exports have accounted for almost two-thirds of our economic growth. Opening markets around the world to U.S. goods and services can only help boost our economy and create new, and higher-paying jobs.”

Background

Trade Preference Legislation

The U.S. House of Representatives today approved legislation that extended the ATPA and GSP trade preferences. The legislation will now go to President Bush for his signature.

ATPA: In 1991, the U.S. Congress authorized duty-free benefits for four Andean nations (Colombia, Peru, Ecuador and Bolivia) under ATPA to help in their fight against illegal drug production and trafficking by expanding their economic opportunities. As part of the Trade Act

of 2002, Congress renewed and enhanced the trade preferences for all four countries under the Andean Trade Promotion and Drug Eradication Act (ATPDEA), which expired on December 31, 2006. Today's extension will be the fourth extension of these preferences by Congress.

GSP: Congress created the GSP program in the Trade Act of 1974, and extended its scope in 2007. Under the program, 132 beneficiary developing countries, including 44 least-developed beneficiary developing countries, currently export approximately 5,000 products duty-free to the United States. The majority of products imported from beneficiary countries are eligible for GSP benefits, with a significant exception being textile and apparel products. Each year, the United States conducts an annual review to determine if there are certain imports currently eligible for GSP benefits that could compete effectively in the U.S. market if imported at tariff rates applicable to goods of non-GSP beneficiary countries.

Dominican Republic: Congress also approved legislation that creates a pilot program for the Dominican Republic that allows duty free entry into the U.S. of twill pants (e.g. "khakis" or "chinos") made from globally sourced fabric if the Dominican producers buy twice that amount of fabric from the United States.

AGOA: In addition, the legislation removes the AGOA abundant supply provision that required use of regional denim fabric in denim apparel imports eligible for duty free treatment under AGOA, and designates Mauritius as eligible to use AGOA's "third country fabric" provisions.

Colombia FTA

In November 2006, the United States signed a free trade agreement with Colombia that will level the playing field for American workers, farmers and entrepreneurs exporting to Colombia. Colombia has benefitted from temporary U.S. tariff preferences through the ATPA that have been repeatedly renewed since 1991, but wants the security of making them permanent. In exchange, Colombia has agreed to eliminate tariffs on U.S. products, which can run as high as 35 percent for our manufactured goods, even higher for our agricultural products.

Trade Data

The most recent data on trade showed that exports reached an all-time high, according to trade data released by the U.S. Department of Commerce. Trade data from July 2008, the most recently released, highlighted the vitality of U.S. exports in the global economy. Goods and services exports during the first seven months of this year were 18.3 percent higher than in the same period in 2007, according to the U.S. Department of Commerce.

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