

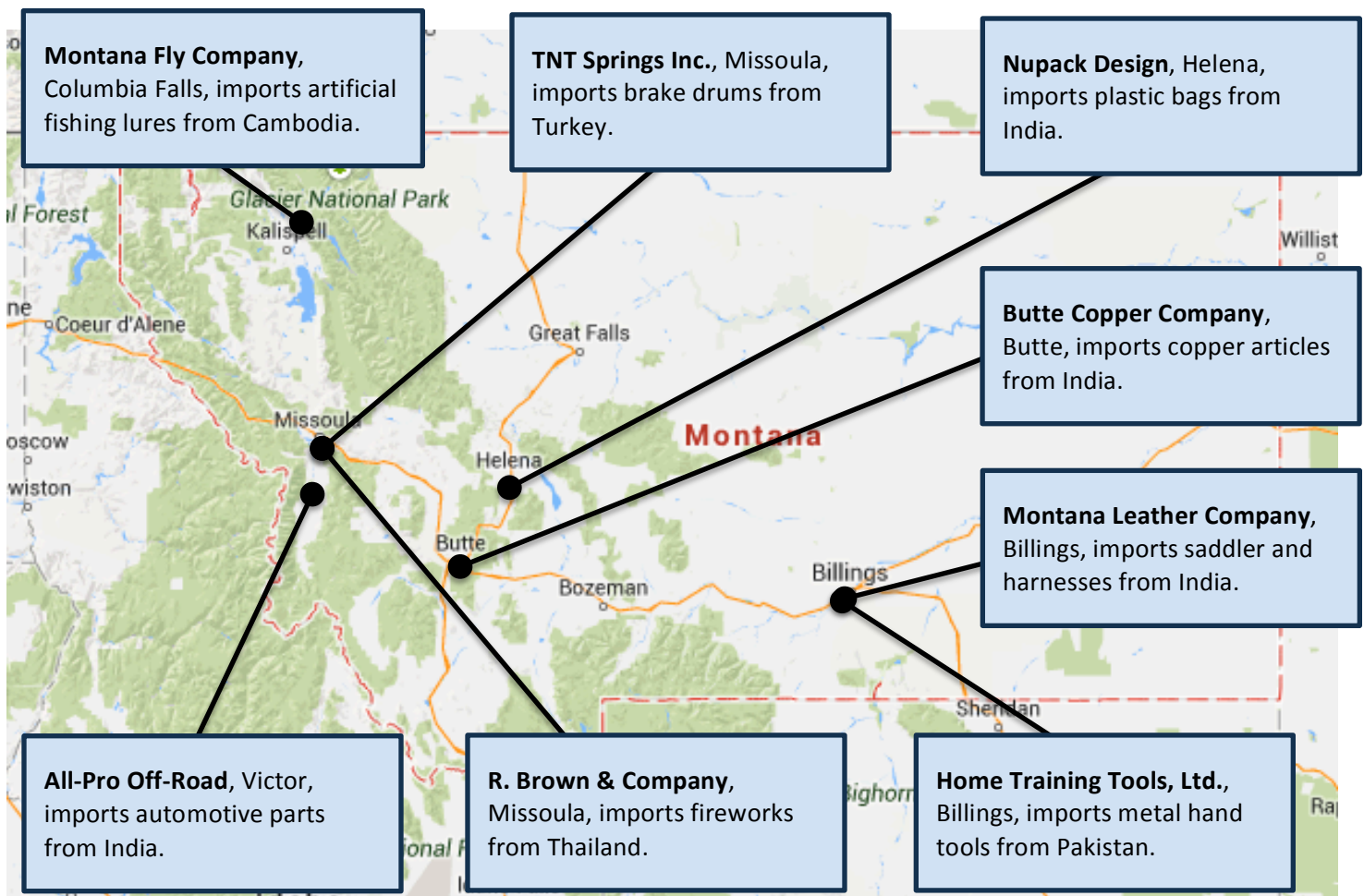


# GSP MATTERS FOR MONTANA

The Generalized System of Preferences (GSP) program benefits American companies and workers by cutting tariffs (i.e., taxes) on certain products sourced from developing countries. In 2016, GSP saved American companies \$729 million, including \$116,000 in waived tariffs on imports into Montana. However, GSP will expire and companies in Montana will face higher taxes unless Congress passes new legislation to renew GSP before December 31, 2017.

<b>Montana's 2016 GSP Imports</b> <b>\$1.9 million</b>	<b>Montana's 2016 GSP Savings</b> <b>\$116,000</b>	<b>Average Tariff Without GSP</b> <b>6.1%</b>
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## MONTANA COMPANIES IMPORTING UNDER GSP

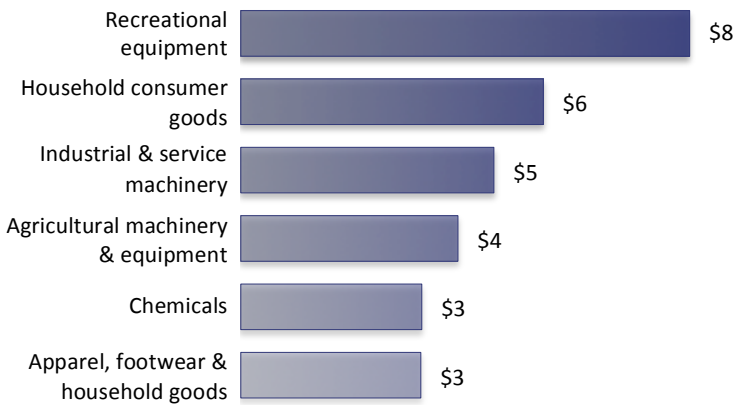


Source for all data is The Trade Partnership, supplemented by company import records from Panjiva.

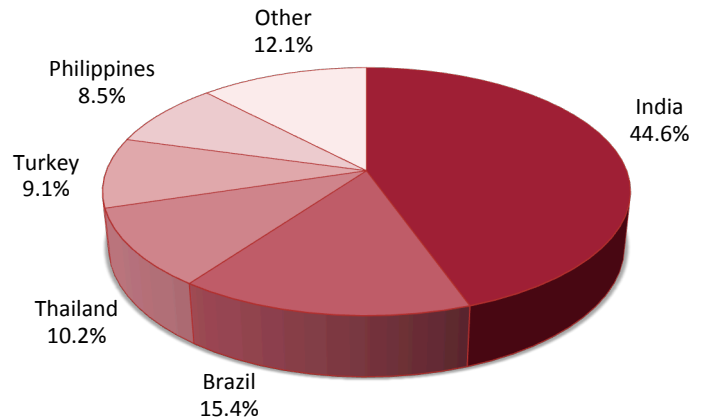
# MONTANA'S IMPORTS UNDER GSP

GSP eliminates tariffs on about 3,500 products. Most Montana imports under GSP are raw materials and industrial goods whose duty-free treatment helps American companies remain competitive. About 83 percent of Montana's tax savings from GSP come on imports from three countries: Cambodia, India, and Pakistan.

**Montana's GSP Imports by Product Type, 2016**  
(\$ millions)



**Montana's GSP Savings by Country, 2016**



## GSP EXPIRATION HURTS AMERICAN COMPANIES AND WORKERS

The GSP program has a long history of expirations and retroactive renewals. Yet recent surveys show how damaging the expirations – and positive the renewals – can be for companies and workers that rely on GSP.

Impacts on American Companies	
GSP Expired <sup>A</sup>	GSP Renewed <sup>B</sup>
Laid Off Workers / Delayed New Hires <b>13% / 44%</b>	Hired New Employees <b>46%</b>
Delayed Capital Expenditures <b>40%</b>	Made New Capital Investments <b>41%</b>
Cut Employee Wages or Benefits <b>22%</b>	Provided New (or Reinstated) Benefits <b>23%</b>

GSP saved Montana companies about \$836,000 from 2011 to 2016. However, about \$429,000 of that came while GSP was expired. So companies paid the taxes without knowing when – or if – Congress would renew GSP retroactively.

When GSP expires, the uncertainty causes many companies to take drastic steps, from laying off workers to delaying investments to cutting benefits, stunting growth and harming workers.

Only after GSP was renewed could companies start growing and investing again in their workers and communities. Even then, companies often wait over a year to receive all of their refunds.

<sup>A</sup> Survey; 230 respondents; Fall 2014

<sup>B</sup> Survey; 135 respondents; Fall 2016

**Congress must renew GSP before it expires again on December 31, 2017.**