



GSP MATTERS FOR SOUTH DAKOTA

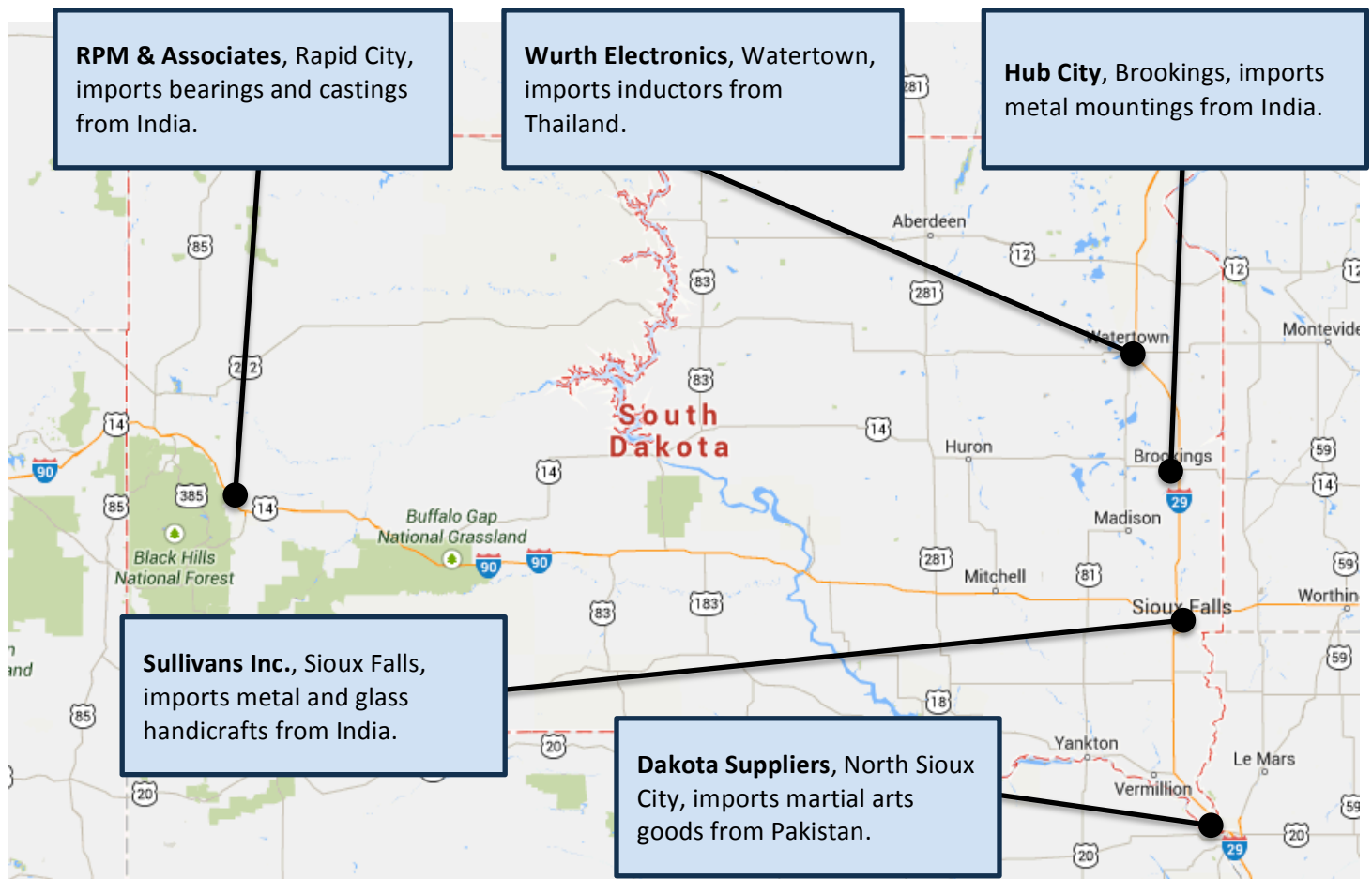
The Generalized System of Preferences (GSP) program benefits American companies and workers by cutting tariffs (i.e., taxes) on certain products sourced from developing countries. In 2016, GSP saved American companies \$729 million, including \$171,000 in waived tariffs on imports into South Dakota. However, GSP will expire and companies in South Dakota will face higher taxes unless Congress passes new legislation to renew GSP before December 31, 2017.

**South Dakota's 2016
GSP Imports**
\$5.5 million

**South Dakota's 2016
GSP Savings**
\$171,000

**Average Tariff
Without GSP**
3.1%

SOUTH DAKOTA COMPANIES IMPORTING UNDER GSP

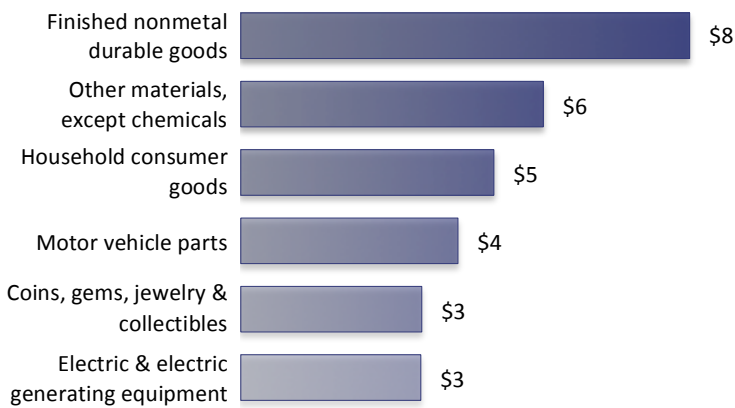


Source for all data is The Trade Partnership, supplemented by company import records from Panjiva.

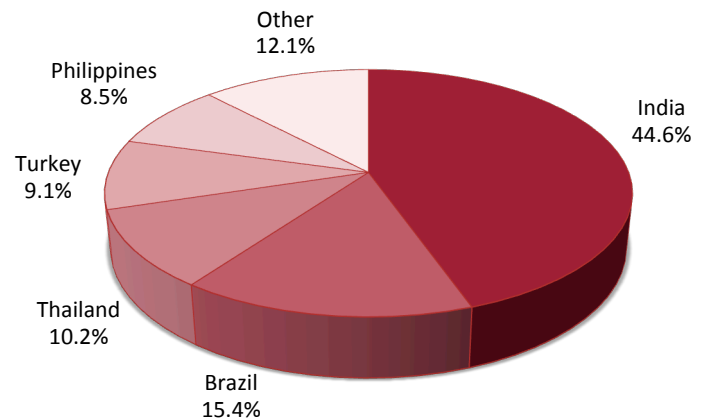
SOUTH DAKOTA'S IMPORTS UNDER GSP

GSP eliminates tariffs on about 3,500 products. Most South Dakota imports under GSP are raw materials and industrial goods whose duty-free treatment helps American companies remain competitive. About 84 percent of South Dakota's tax savings from GSP come on imports from three countries: Thailand, India, and Brazil.

South Dakota's GSP Imports by Product Type, 2016
(\$ millions)



South Dakota'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 ^A	GSP Renewed ^B
Laid Off Workers / Delayed New Hires 13% / 44%	Hired New Employees 46%
Delayed Capital Expenditures 40%	Made New Capital Investments 41%
Cut Employee Wages or Benefits 22%	Provided New (or Reinstated) Benefits 23%

GSP saved South Dakota companies about \$1.4 million from 2011 to 2016. However, about \$546,000 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.

^A Survey; 230 respondents; Fall 2014

^B Survey; 135 respondents; Fall 2016

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