



# GSP MATTERS FOR PENNSYLVANIA

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 \$26 million in waived tariffs on imports into Pennsylvania. However, GSP will expire and companies in Pennsylvania will face higher taxes unless Congress passes new legislation to renew GSP before December 31, 2017.

<b>Pennsylvania's 2016 GSP Imports</b> <b>\$647 million</b>	<b>Pennsylvania's 2016 GSP Savings</b> <b>\$26 million</b>	<b>Average Tariff Without GSP</b> <b>4.0%</b>
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## PENNSYLVANIA COMPANIES IMPORTING UNDER GSP

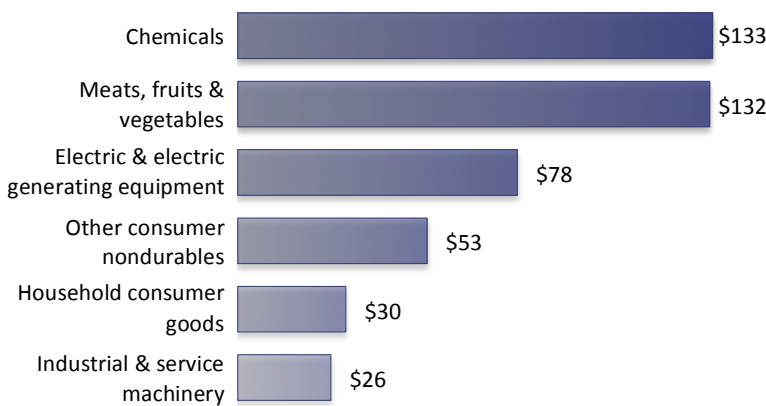


Source for all data is The Trade Partnership, supplemented by company import records from Panjiva.

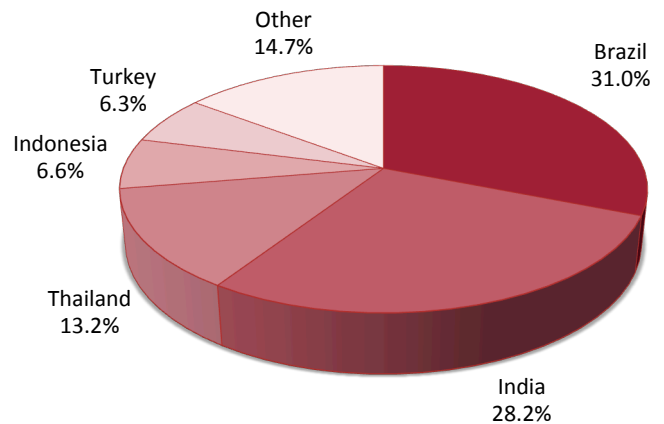
## PENNSYLVANIA'S IMPORTS UNDER GSP

GSP eliminates tariffs on about 3,500 products. Most Pennsylvania imports under GSP are raw materials and industrial goods whose duty-free treatment helps American companies remain competitive. About 72 percent of Pennsylvania's tax savings from GSP come on imports from three countries: Brazil, India, and Thailand.

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



**Pennsylvania'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>

Laid Off Workers /  
Delayed New Hires

**13% / 44%**



Delayed Capital  
Expenditures

**40%**



Cut Employee Wages  
or Benefits

**22%**



#### GSP Renewed <sup>B</sup>

Hired New  
Employees

**46%**

Made New Capital  
Investments

**41%**

Provided New (or  
Reinstated) Benefits

**23%**

GSP saved Pennsylvania companies about \$139 million from 2011 to 2016. However, about \$65 million 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.**