

Inside US Trade

Ways & Means trade panel chair gathering support for GSP, MTB legislation

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House Ways & Means trade subcommittee Chair Adrian Smith (R-NE) is trying to build a bipartisan coalition to renew the Generalized System of Preferences and pass a new Miscellaneous Tariff Bill, he said this week. GSP and the last MTB lapsed at the end of 2020. The House and Senate passed legislation to renew the programs during the last Congress, but lawmakers failed to reconcile key differences over labor and environmental standards for GSP recipients. Many in both chambers have said renewing both programs is a top priority.

On Tuesday, Smith said he was working with lawmakers from both parties to “explore potential paths and build a coalition to renew GSP and MTB.” “Obviously, the debt ceiling and other pressing legislative matters have taken priority, but I know there is bipartisan interest in getting this done,” he said in an emailed statement in response to comments he made during a hearing last week. “GSP, for example, supports job creation and benefits American consumers by strengthening supply chains, and I look forward to working on GSP, MTB, and other trade programs this Congress.”

Smith in March told *Inside U.S. Trade* that [he was open to options](#) on how to move trade initiatives such as GSP either on its own or as a part of a larger legislative package.

During the [May 25 hearing](#) on modernizing customs and securing U.S. supply chains, trade subcommittee ranking member Earl Blumenauer (D-OR) pushed his colleagues to reconsider the GSP renewal bill approved by the House last year, when Democrats held the majority. Blumenauer contended that Congress, when it overwhelmingly approved the U.S.-Mexico-Canada Agreement, backed labor and environmental measures similar to those in the GSP bill he backed.

The only adjustments to GSP made in the bill were provisions “dealing with environment and worker protection that are entirely consistent with what we passed in our revised [North American Free Trade Agreement] legislation that everybody on this committee voted for,” Blumenauer said, noting that these measures “stood in the way” of reaching a final agreement during the last Congress.

“We think the thing that we’ve offered up should not be controversial because everybody agreed with those adjustments that were in the revised

NAFTA,” he continued. “So, I'm perplexed that GSP is being held hostage because all we're doing is confirming things that this committee has already approved.”

Critics of last year's House GSP renewal bill contend that new labor and environmental standards for GSP recipients would keep some countries from utilizing the program and they would be cost-restrictive for developing economies.

At the hearing, Smith asked witnesses about the cost of “congressional inaction to renew GSP” and its impact on American companies and consumers.

“Congressional inaction has contributed to inflation costing U.S. companies over \$2.5 billion and consumers even more at the retail level,” said Fred Ferguson, vice president of public affairs at Vista Outdoor, a manufacturer of sports and recreation products. He said his company continues to incur new expenses as “action on GSP is delayed.”

“So, cost of goods sold go up and our ability to maintain profitability to invest in R&D, to invest in our workforce, to expand [and] to invest in expansion is compromised,” he added.

Ferguson also called on the lawmakers to ensure a GSP bill would extend companies retroactive benefits, as has been the case with prior renewals. During the hearing, Rep. Blake Moore (R-UT) also showed support for GSP but framed the preference program as a way to help the U.S. shift trade away from China.

“In order to decouple smartly, we have to incentivize other partners to provide goods and services to our nation,” he said. “We can't survive without it.”

The U.S. must be “consistent with these players and these companies that are willing to engage in [GSP]” and open to “go the direction we're trying to push them,” Moore added, saying he was “hopeful” Congress would renew the program this year.

Asked by Moore about how GSP might help the U.S. decouple from China, Ferguson called the system “a great diversification tool.” He also claimed \$5 billion has been migrated out of China since GSP was expanded in 2017 to include travel goods.

“GSP is critical,” Ferguson continued. “The financial reward that our teams can realize from utilizing GSP are material and it's enough to stand up new supply chains, to leave supply chains that our teams have developed over decades in China, but it is worth it.”

Earlier this month Senate Democratic leaders [outlined plans](#) to revive several pieces of legislation the Chamber passed in 2021 as part of the

U.S. Innovation and Competition Act. USICA included measures renewing GSP and MTB that had bipartisan backing in the Senate Finance Committee. The trade title, however, was stripped from the legislation that eventually became the Chips and Science Act, as was the House bill that would have renewed GSP.

Representatives from two dozen countries receiving GSP benefits in February [wrote to Congress](#) urging lawmakers to renew the program. They called it “an important trade tool for thousands of U.S. firms and jobs that rely on raw materials and intermediate imports covered by GSP” that allows U.S. manufacturers to “diversify supplier sources to limit vulnerability, strengthen the U.S. supply chain resilience, and ensure economic stability.” -- *Jason Asenso* (jasenso@iwpnews.com)