

## **GSP Expiration: Frequently Asked Questions**

### **Did trade benefits under the Generalized System of Preferences (GSP) end on December 31, 2010?**

The statute that governs GSP states that duty-free treatment provided under the GSP shall not remain in effect after December 31, 2010. The U.S. Congress considered legislation in December 2010 to extend authorization of GSP beyond this date but ultimately adjourned without taking action to extend GSP. As a result, imports of GSP products from GSP beneficiary countries arriving in the United States on or after January 1, 2011, will be subject to regular, Normal Trade Relations duties. However, GSP-eligible imports from beneficiary countries of the African Growth and Opportunity Act will continue to be eligible for duty-free entry.

### **When will Congress extend authorization of GSP? Does the Administration support extension of GSP?**

It is not known at this point whether or when the new Congress will extend GSP, but many Members of Congress have voiced strong support for the GSP program.

The Obama Administration supports congressional action to extend the GSP program and is working with Congress toward this end. The Administration supports the longest extension that Congress sees fit to make, so as to provide greater certainty for both U.S. businesses and developing country exporters who benefit from these programs.

### **Has GSP expired in the past? Will benefits be made retroactive if and when the programs are reauthorized?**

The last time authorization of the GSP program lapsed was in 2001. Congress subsequently reauthorized the program ten months later. Between 1993 and 2002 the program expired seven times with lapses that varied between one and 15 months. Each renewal during this period was made retroactive to the expiration of the program. At this point, it is not known if any future reauthorization of GSP will be made retroactive.

### **Will other preference programs, including AGOA, continue if GSP expires?**

Yes. Product coverage under the African Growth and Opportunity Act (AGOA), the Andean Trade Preference Act (ATPA), and the Caribbean Basin Trade Partnership Act (CBTPA), includes GSP-eligible tariff lines. Imports under these programs will not be affected by the lapse in GSP's authorization.

### **What will be the economic impact of the expiration of GSP?**

The longer the GSP program is not operational the greater the impact will be on the competitiveness of the thousands of American businesses that rely on the duty-exemption these programs provide.

Loss of GSP would also deal an economic blow to many of the developing countries that benefit from the program, including many of the poorest countries in the world.

### **If GSP is reauthorized retroactively, how will the refunds be processed?**

In the past, U.S. Customs and Border Protection (CBP) has arranged for the timely processing of refunds of duties deposited on GSP-eligible entries without requiring further action by the filer. The use of the special programs indicators (SPI), "A" or "A+", on CBP Form 7501 has constituted the importer's request for a refund of duties. On January 4, 2011, CBP issued a notice on this topic, which can be found by clicking [here](#).

### **What will be the impact of GSP expiration on ongoing reviews of GSP country and product petitions?**

While GSP authorization is not in effect, there will be no public hearings and no requests for public comments on ongoing GSP country and product petitions, including petitions for waivers of competitive need limitations. Nor will there be official announcements with respect to final disposition of these petitions.