

NATIONAL FOREIGN TRADE COUNCIL, INC.

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September 1, 2006

Ms. Marideth J. Sandler
Executive Director for the GSP Program
Chairman, GSP Subcommittee of the Trade Policy Staff Committee
Office of the U.S. Trade Representative
USTR Annex, Room F-220
1724 F Street, NW
Washington, D.C. 20508

Dear Ms. Sandler:

In response to the August 8, 2006 Federal Register notice requesting comments on the eligibility of certain Generalized System of Preferences (GSP) beneficiaries, the National Foreign Trade Council (NFTC), on behalf of its approximately 300 member companies, strongly supports the program's renewal. The NFTC further supports the retention of current country and product beneficiaries of this important economic development model. We also encourage reforms which strengthen the benefits and goals of the program, including greater emphasis on ensuring effective and adequate protection of intellectual property rights in countries that are GSP beneficiaries.

The current GSP program has fostered developing country exports for beneficiary countries, which in turn have advanced the development and greater integration of these countries into the global economy. Moreover, GSP could serve as the basis for implementing the commitment by the United States to provide "duty-free, quota-free" treatment for least developed countries as part of a successful Doha Round agreement. Despite the deep disappointment of the NFTC with the suspension of the Doha Round, we believe that renewal of GSP would demonstrate the continued commitment and leadership of the United States to trade expansion through open markets as a positive force for economic development.

American companies and consumers benefit from the GSP program by reducing barriers to trade and providing lower cost inputs for US firms and workers. In so doing, GSP bolsters US competitiveness in the global marketplace. Indeed, American businesses have come to rely on GSP as a means of remaining competitive in the international marketplace. We are concerned that removing any one of the existing beneficiaries or the products they export from the GSP would not necessarily result in trade shifting to another less developed country and would result in price increases that ultimately penalize the American consumer and US global competitiveness.

GSP is an important facet of U.S. trade policy and global competitiveness. Even a temporary lapse in this program's administration would have detrimental effects on the American economy, in addition to the developing economies that rely on GSP for economic stability and development. For all these reasons and more, the NFTC strongly urges the renewal of the GSP program and the retention of its current beneficiaries.

Sincerely,

A handwritten signature in black ink, appearing to read "W. A. Reinsch", is written over a light blue horizontal line.

William A. Reinsch
President