



August 31, 2023

Via Email

U.S. House of Representatives
Washington, D.C. 20515

RE: United Steelworkers urges reforming the General Systems Preferences program and restarting the worker training program – Trade Adjustment Assistance.

Dear Representative:

As a member of Congress who recently signed a letter regarding the General System Preferences (GSP) program dated July 11, 2023, the United Steelworkers (USW) wishes to communicate several important policy considerations that would improve the program should an effort to reauthorize it proceed in the 118th Congress.¹ As the largest manufacturing union in North America, the USW urges you to consider these issues prior to any Congressional efforts to re-establish the GSP program.

The USW believes that GSP is a legacy trade preference program in need of significant reforms to better defend American workers, reduce international labor and environmental abuses, and ensure that economically developing countries are not used to shadow send products from the People's Republic of China into the U.S. market.

While unilateral tariff cut programs, such as the GSP program, have existed for decades, the lack of modernization in the program unfortunately allows Chinese foreign direct investment and content to enter the U.S. market unchecked, undercutting U.S. workers and undermining efforts by workers globally to improve their working conditions.

For the United Steelworkers, any renewal of the GSP program will need to make improvements in the following items, or the union will be forced to oppose renewal of the program to defend American workers against unfair trade practices.

¹ [U.S. House of Representatives, Jake Auchincloss](#), "Release: Auchincloss Leads Letter to Renew GSP Trade Program to 'Facilitate Supply Chain Shifts Out of China'", July 12, 2023.

- The Rules of Origin (ROO) for the GSP program are entirely insufficient for a modern trade preference program. Previous authorizations of the GSP program allow 65 percent of the appraised value of the eligible product to come from countries, like the People’s Republic of China, and still qualify for duty free status. The 35 percent ROO is a massive loophole that allows foreign producers to potentially bring in Chinese or Russian content duty free. Congress should raise the GSP ROO standard to at least 60 percent, or greater, to ensure we maximize the GSP benefit for the countries we are trying to aid.
- The import sensitive list has not been significantly updated to reflect the U.S. manufacturing sectors negatively impacted by adverse trade. For example, as the largest union in the tire sector, our union has fought back against multi-national corporations, foreign governments, and Chinese producers dumping and subsidizing tires into the market for over a decade. This has led to 12 anti-dumping and countervailing duty trade cases won against six countries.² Chinese investments in GSP tire exporting countries will lead to additional import pressures on U.S. producers and workers. For example, Shandong Linglong invested into a 13.62-million-unit facility in Serbia, while Doublestar has invested in a joint venture in Algeria which will produce 5 million tires.^{3,4} The USW calls on Congress to add pneumatic radial tires to the import sensitive list.
- Updating and strengthening labor standards in the GSP program should also be included in any reauthorization of the program. Representative Blumenauer’s “American Worker and Trade Competitiveness Act” highlights several of these important updates, such as specific language which clarifies that GSP recipients must take effective action against the use of threats and violence against trade unionists, and updates GSP language to better reflect USMCA updates on workers’ fundamental labor rights.⁵
- Finally, Congressional Research Services highlights that the previous GSP reauthorization cost the U.S. \$1.44 billion in forgone revenue and that leading GSP imports were handbags and jewelry made of gold or other precious metals.⁶ This dollar amount is nearly three times the amount that the Fiscal Year 2023 Trade Adjustment Assistance (TAA) program set aside while is

² [U.S. House Ways and Means Committee](#), “Testimony of Thomas O’Shei for the Field Hearing on ‘Trade in America: Securing Supply Chains and Protecting the American Worker – Staten Island’”, May 9, 2023.

³ [Tire World](#), “Doublestar to build tire plant in Algeria”, September 16, 2019.

⁴ [Linglong Tire](#), “Linglong Tire’s Factory in Serbia, the First European Factory of China Tire Industry”, March 31, 2019.

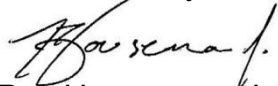
⁵ [AFL-CIO](#) “Letter to Senators in Support of Generalized System of Preferences and Miscellaneous Tariff Bill Modernization Act of 2021”, December 6, 2021

⁶ [Congressional Research Service Reports](#), “Generalized System of Preferences (GSP): Overview and Issues for Congress”, July 20, 2022.

waiting for reauthorization. It is unconscionable that Congress would lower tariffs on high-end, luxury goods, like handbags and gold chains, and provide nothing to tens of thousands of U.S. workers who lose their jobs due to insidious trade practices every year. The Department of Labor reports as of August 28, 2023 that 442 petitions covering 46,086 workers are pending investigation.⁷ Congress should renew Trade Adjustment Assistance (TAA) in any GSP program reauthorization.

It would be most appreciated as you consider efforts to modernize the GSP program that you advocate for the policy changes listed above. The USW is happy to discuss any of the specific policies mentioned, and looks forward to answering any questions you may have.

Sincerely,



Roy Houseman, Jr.
Legislative Director

CC: Ways and Means Committee Chairman Jason Smith
Ways and Means Committee Ranking Member Richard Neal
Representative Adrian Smith
Representative Earl Blumenauer
House Majority Leader Kevin McCarthy
House Minority Leader Hakeem Jeffries

⁷ [U.S. Department of Labor](#), "TAA Termination Impacts: By the Numbers – Fact Sheet", August 28, 2023.