

U.S. to Terminate India and Turkey's GSP Eligibility

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On March 4, 2019, the United States Trade Representative (USTR) [announced that the United States would terminate India and Turkey's](#) designations as beneficiary countries under the Generalized System of Preferences (GSP) program. GSP is a unilateral duty preference program detailed in General Note 4 of the Harmonized Tariff Schedule of the United States that allows for duty free entry for qualifying merchandise from designated developing countries.

President Trump issued letters to Congress regarding his intent to terminate GSP treatment for [India](#) and [Turkey](#). Absent some intervening action, GSP status for these countries will be eliminated 60 days after the President notifies Congress and the impacted country of the United States' intent to end the country's GSP eligibility. Therefore, both India and Turkey's GSP eligibility are currently set to expire on May 3, 2019.

The United States allows for duty free importation of certain imports from GSP designated beneficiary countries so long as those countries comply with, among other things, certain market access criteria and otherwise meet GSP qualification requirements (i.e., product was substantially transformed in the GSP country, local content requirements have been met, and the product is shipped direct to the U.S.). Further, the GSP beneficiary country must assure the United States that it will refrain from engaging in unreasonable export practices.

[USTR previously announced, on April 12, 2018](#), that it would review India's GSP eligibility. USTR stated that the review was based on concerns regarding India's compliance with the GSP's market access criterion. This was a self-initiated review by USTR, but it accepted petitions filed by the U.S. dairy industry and the medical device industry given the alleged Indian trade barriers affecting U.S. exports for those industries.

The letter to Congress commencing the process to terminate India's GSP benefits did not provide details regarding USTR's findings, and merely stated that "India has not assured the United States that it will provide equitable and reasonable access to the markets of India" This determination

follows several months of negotiations between USTR and its Indian counterparts. President Trump's letter to Congress regarding the termination of Turkey's GSP status, however, was reportedly due to Turkey's economic growth since its designation as a GSP beneficiary in 1975. USTR determined that such a move was necessitated by Turkey's higher level of economic development as evidenced by "an increase in Gross National Income per capita, declining poverty rates, and export diversification, by trading partner and sector."

President Trump's letter to Congress also stated that Turkey has "graduated from other developed countries' GSP programs due to its increase in economic development or through reciprocal arrangements."

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