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The Honorable Susan Schwab
United States Trade Representative
600 17th Street, N.W.
Washington, D.C. 20508

Dear Ambassador Schwab:

I would like to take this opportunity to comment on whether certain countries should be eligible for the generalized system of preferences (GSP) program. As you know, the preferential and unilateral nature of GSP is unique and extends duty-free treatment to certain products from designated developing countries. While these types of preferences are counter to the multilateral tariff reductions underlying the General Agreement on Tariffs and Trade (GATT) and the ongoing Doha Round negotiations in the World Trade Organization (WTO), they are an important tool of U.S. trade policy. The preferences are specific and targeted towards those countries that need the most help and do not yet possess competitive export sectors. The goals of the program are consistent with our nation's strategic and economic goals and were born of a desire to provide a temporary way to assist developing countries to become competitive producers and exporters.

However, I also believe the GSP program should be a mechanism that is temporary in nature and differentiates between the least developed economies and advanced developing countries. Those countries that are competitive in the export market should not benefit from preferential treatment. In fact, India and Brazil, the first and third leading beneficiaries under the U.S. GSP program, are competitive in agriculture export markets and are strong competitors in the international marketplace.

Additionally, I believe the program should not reward governments who threaten litigation against the United States, work against our negotiators in the WTO towards a more open liberalized trade environment and disregard the intellectual property rights of U.S. companies. In fact, the entrenchment of trading blocs protected by preferential access to developed country markets is one of the central causes of the collapse of the WTO negotiations.

Therefore, I would encourage your office to review the current criteria for program participation and consider revising them to differentiate and exclude advanced developing countries like Brazil and India. While the economic effects of exclusion will probably not be large, doing so will ensure consistency and fairness in the administration of our trade facilitation programs. We can then refocus our efforts to assist those

countries that are willing to liberalize their economies and become full and active participants in the international economy.

Thank you for your attention to these comments and your continued commitment to farmers and ranchers in the United States.

Very truly yours,



Senator Saxby Chambliss
Chairman

SC: hm