The Daily Dish
GSP and MTB Still Held Hostage in Lame Duck
TORI SMITH | DECEMBER 13, 2022

The fate of two trade preference programs hangs in the balance during Congress’ lame duck session. The Generalized System of Preferences (GSP) eliminates tariffs on certain products from developing countries, while the Miscellaneous Tariff Bill (MTB) eliminates tariffs on products not available domestically. Many of the imports that receive tariff relief under these programs are intermediate goods, giving American manufacturers access to more affordable inputs and allowing them to produce more competitively priced finished goods.

Eakinomics readers know that tariffs have economic costs. GSP saved Americans $879 million in tariffs in 2020 and the last round of MTB (which lasted three years) was estimated to have saved Americans $1 billion in tariffs. These savings were lost in December 2020 when Congress let the programs expire. The Coalition for GSP estimates that GSP’s expiration is costing Americans $110 million per month in 2022.

GSP and MTB are historically non-controversial bills that pass under unanimous consent or with support from nearly all members. So, what’s the hold up?

Bills to renew GSP and MTB were included in the USICA and COMPETES Act’s trade titles, which Tom Lee and I examine in detail here. They were ultimately left out of the CHIPS and Science Act and now exist in conference committee limbo.

A whole lot of horse-trading happens in Congress, but bills as innocuous as GSP and MTB are not typically used as bargaining chips. This session, however, Democratic leadership has tried to tie GSP and MTB to the reinstatement of Trade Adjustment Assistance, a controversial program that aims to help individuals who have presumably lost their jobs because of trade find new employment or access job retraining programs. This program is usually passed in coordination with Trade Promotion Authority, a law that provides expedited congressional procedures for the consideration of trade agreements. In short, members trade new free trade agreements and new markets for this contested aid program, not common-sense tariff elimination.

Most recently, Senators Rob Portman (R-OH) and Chris Coons (D-DE) put forward a “grand bargain” to advance a host of trade issues that were left out of the CHIPS and Science Act. Finding a vehicle for such a bargain seems unlikely as the 117th Congress quickly comes to a close – not to mention the contents of this proposal are significantly more controversial than GSP and MTB.

It’s time for Congress to stop holding GSP and MTB hostage to its usual bartering and allow these programs to get back to saving Americans money.