

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
(DEPARTMENT OF COMMERCE)

LOK SABHA
UNSTARRED QUESTION NO. 3720
TO BE ANSWERED ON 11th DECEMBER, 2019

US GSP PROGRAMME

3720. SHRI JAGDAMBIKA PAL:
SHRI DUSHYANT SINGH:

Will the Minister of **COMMERCE & INDUSTRY** (वाणिज्य एवं उद्योग मंत्री) be pleased to state:

- (a) whether the Government has failed to comply with the eligibility criteria for the Preferential Trade Status (PTS) under the Generated System of Preferences (GSP) programme of the US Government and if so, the details thereof;
- (b) whether the Government has failed to convince the US Government on India's compliance with the eligibility criteria for the PTS, if so, the details thereof and if not, the reasons therefor;
- (c) the details of the grounds cited by the US Government for the termination of special trade status;
- (d) whether the Government was aware of the eligibility review launched by the US Government in April, 2018;
- (e) if so, the details of the steps taken by the Government to convince the US Government on the measures taken by India to fulfill the criteria since April, 2018;
- (f) whether this will impact the volume of exports to the US and if so, the details thereof along with the potential job loss and other economic effects caused due to the cancellation of PTS; and
- (g) the details of the steps taken/to be taken by the Government to counter those effects?

ANSWER

वाणिज्य एवं उद्योग मंत्री (श्री पीयूष गोयल)
THE MINISTER OF COMMERCE AND INDUSTRY
(SHRI PIYUSH GOYAL)

- (a) to (e)** The Generalised System of Preferences (GSP) is a unilateral scheme given by developed countries like the United States under the legal decision of 28.11.1979 named as "*Differential and More Favourable Treatment Reciprocity and Fuller Participation of Developing Countries*" also known as the "*Enabling*

Clause” agreed upon by the GATT Contracting Parties and subsequently incorporated into the WTO legal system.

Under the United States GSP program, certain products can enter the United States duty-free if beneficiary developing countries meet the eligibility criteria established by their Congress. GSP criteria include, among others, respecting arbitral awards in favour of United States citizens or corporations, combating child labour, respecting internationally recognized worker rights, providing adequate and effective intellectual property protection, and providing the United States with equitable and reasonable market access. Countries can also be graduated from the GSP program depending on factors related to their economic development.

The United States launched an eligibility review of India’s compliance with the GSP market access criterion in April 2018. The petitions filed by the U.S. dairy industry and the U.S. medical devices industry were also included in this review, which alleged that Indian trade barriers affected U.S. exports in these sectors. India had submitted Pre-Hearing Briefs, attended the Public Hearing and also submitted Post-Hearing Briefs, to USTR (U.S. Trade Representative) in June, 2018.

During the process of GSP review, USTR added various demands including greater market access for a number of its products and used the non-reciprocal GSP benefit as a lever to extract further concessions from India. Though India took its best efforts to arrive at a mutually beneficial trade package, the US review culminated in issuance of withdrawal notice by the US on 4th March, 2019 and GSP benefits was withdrawn with effect from 5th June 2019.

The US indicated that it withdrew the GSP for India under Section 502 of its Trade Act of 1974 citing that India did not provide equitable and reasonable access to its markets in numerous sectors.

(f) and (g) In 2018, India exported goods worth of \$ 6.3 billion (as per USTR figures) to U.S. under the GSP programme, which was approx 12.1% of India’s total export to U.S. The average duty concessions accruing on account of GSP were approx. \$ 240 million in 2018, which was about 3.8% of India’s exports to the U.S. availing the GSP benefits. The impact varies across products, depending on the individual product level concessions which were availed under the GSP. However, so far the cumulative exports under the GSP tariff lines have not declined in the post GSP withdrawal period (June – Oct 2019) as compared to the corresponding period of the previous year.

Bilateral trade discussions are a part of any economic engagement and such issues also form a part of the discussions in India’s ongoing economic engagement with the US.
