

April 17, 2020

The President
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

Dear President Trump,

In light of the rapidly deteriorating economic conditions in the United States associated with the COVID-19 pandemic, we urge you to delay the suspension of duty-free treatment under the Generalized System of Preferences (GSP) program for certain products from Thailand. The suspension, currently scheduled to take effect on April 25, would increase costs for American employers already are struggling to maintain employment levels in response to shutdowns and falling demand around the world. We ask that you delay implementation for at least six months, or until the current emergency ends.

In the last several weeks, over 22 million American workers have filed for unemployment. Many of these claims are the result of government-mandated shutdowns to help slow the spread of COVID-19. In a recent survey of companies using the GSP program, over half had slowed or closed operations. One-third reported laying off, furloughing, or reducing hours for current employees, and that figure rises to half of all respondents when including companies that expect to take such actions in the immediate future.

Congress and the Administration have taken unprecedented steps to help companies and workers impacted by shutdowns and falling demand, such as deferring tax payments and creating the Paycheck Protection Program (PPP) loans. Liquidity is a major concern for businesses of all types as we wait for the pandemic to slow and the economy to reopen.

Imposing new costs on companies by suspending certain GSP benefits for Thailand would undermine the bold steps taken. Most GSP users are small businesses, and many are seeking new PPP loans to help cover expenses over the new few months. Yet PPP recipients may be forced to divert funding from workers to tariff costs if the suspension takes effect. In effect, the federal government could end up paying the newly imposed tariffs itself through the PPP.

The Thailand suspension could undermine COVID-19 response directly. Products that would face higher tariffs include parts for hospital laundry equipment, single-use footwear covers, pumps, compression materials, and plastic resins and other components used to make medical equipment. With many companies revamping manufacturing processes – including shifting production to specific goods in need – the United States should not reduce sourcing options or raise costs for potentially important products.

American companies and workers face many challenges related to the COVID-19 pandemic. Suspending GSP eligibility for products from Thailand would make a bad situation worse for

companies that depend on continued duty-free treatment. Thank you in advance for your consideration of a temporary delay in implementing any GSP suspension for Thailand.

Sincerely,

American Apparel and Footwear Association
Association of Food Importers
Coalition for GSP
Consumer Technology Association
Fashion Jewelry & Accessories Trade Association
International Wood Products Association
National Association of Chemical Distributors
National Confectioners Association
National Fisheries Institute
National Foreign Trade Council
National Retail Federation
National Taxpayers Union
Outdoor Industry Association
R Street Institute
Retail Industry Leaders Association
US-ASEAN Business Council, Inc.
U.S. Fashion Industry Association