

USTR Initiates 2009 and 2010 GSP Reviews

By Karen Lobdell

The Office of the United States Trade Representative (USTR) published notice August 11, 2010, announcing the petitions it has accepted in connection with the 2009 Generalized System of Preferences (GSP) Annual Review to modify GSP status of certain beneficiary developing countries due to country practices. The notice also indicates the USTR's initiation of its 2010 Annual GSP Country Eligibility Practices Review.

GSP was instituted on January 1, 1976, by the Trade Act of 1974. Congress has currently authorized GSP through December 31, 2010. The program is designed to promote economic growth in the developing world by providing preferential duty-free entry for about 4,800 products from 131 designated beneficiary countries and territories. In 2009, the United States extended duty-free treatment under the GSP program to exports worth \$20.3 billion from eligible beneficiary countries.

A well-functioning GSP program can assist developing countries in growing their export industries while at the same time providing U.S. businesses the inputs and products they need at a more competitive cost by way of duty-free treatment.

As part of this year's review the USTR analyzed petitions to withdraw or limit a country's GSP benefits based on certain eligibility criteria, including whether a country is taking steps to afford internationally recognized standards for worker rights, whether it provides important investor protections including enforcement of arbitral awards, and whether it adequately and effectively protects intellectual property rights (IPR). Several countries remain under review for whether they meet eligibility criteria. Those countries are Lebanon, Russia and Uzbekistan for IPR protection, and Bangladesh, Niger, the Philippines and Uzbekistan for worker rights.

The 2009 Annual Country Practices Review

The GSP Subcommittee of the Trade Practices Staff Committee (TPSC) has recommended, and the TPSC has accepted the review of three country practice petitions including a Worker Rights petition regarding Sri Lanka filed by the AFL-CIO and two Arbitral Awards

petitions regarding Argentina filed by Azurix Corporation and Blue Ridge Investments, LLC.¹

The USTR has set the following schedule with respect to public comments on these petitions:

- > September 3, 2010 – Due date for submission of pre-hearing briefs and requests to appear at the GSP Subcommittee Public Hearing.
- > September 24, 2010 – GSP Public Hearing for all country practice petitions accepted for the 2009 GSP Annual Review.
- > October 15, 2010 – Due date for submission of post-hearing briefs.

The 2010 Annual Country Practices Review

By way of this notice the USTR is also announcing that it is accepting new country practice petitions to review the status of any beneficiary developing country. All petitions must be received by the GSP Subcommittee no later than 5 p.m. EDT on Friday, September 10, 2010.

The announcement of any petitions accepted for review and any hearing schedule for the 2010 GSP Country Practice Eligibility Review will be announced by *Federal Register* at a later date.

Drinker Biddle & Reath LLP would be happy to assist companies with drafting comments in response to this Notice, or assist with preparation of new country practice petitions for the 2010 annual review.

Should you require further assistance with regard to the information set forth in this memorandum, please contact Karen A. Lobdell, Director, Trade Security & Supply Chain Services, at (312) 569-1066 or karen.lobdell@dbr.com, or any member of Drinker Biddle's Customs and Trade Practice Group.

¹ The petitions themselves can be found in the docket USTR-2009-0015 at <http://www.regulations.gov>. Additionally, submissions in response to this notice must be submitted online at this same site.

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