



Generalized System of Preference

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Indian exports to the US under GSP program are mostly intermediaries and are not in direct competition with US producers.

US should consider continuing India's eligibility as a gesture of commitment to the mutually beneficial relationship between our two countries.

8. Way Forward

The products on which India receives GSP benefits belong to labour intensive sectors.

India will lose out on preferential tariff on exports worth of nearly \$ 5. 6 billion.

India could lose US market share to rivals like Vietnam and Bangladesh.

7. Impact of GSP Withdrawal

Cheaper imports of intermediary products enable availability of cost-effective inputs to the US downstream industries.

Helps US firms remain domestically and internationally competitive.

6. GSP for US

Indian exporters benefit indirectly by way of reduced tariff or duty free entry.

Reduction or removal of import duty on an Indian product makes it more competitive.

This tariff preference helps new exporters to penetrate a market.

Established exporters are able to increase their market share & improve their profit margins.

It allows India to integrate with global value chains & global markets.

5. GSP for India