



GSP Expiration Costly for RV Buyers and Manufacturers

The Generalized System of Preferences (GSP) program expired on July 31, 2013. For more than three decades, GSP provided duty-free treatment to selected goods imported from more than 130 developing countries. Three-quarters of U.S. imports covered by GSP were raw materials, parts and components, or machinery and equipment used by U.S. companies to manufacture goods in the United States for domestic consumption or for export. In this fashion, GSP boosted the competitiveness of U.S. manufacturers and lowered the cost of consumer goods for American families.

The RV industry is impacted through finished and unfinished wood and fabric-based produced products. Luan, a type of strong, flexible wood panel, is used in nearly every RV. However, it is not domestically grown and is only available from southeastern Asia.

There are several reasons why the RV industry needs GSP to be extended:

GSP expiration will hit consumers with additional retail costs

Based on shipment data from 2013, of 321,000 units produced and shipped, RV consumers are being forced to pay an additional \$20.5 million to \$31 million, due to GSP expiration.

GSP expiration is costing the RV industry \$24-\$32 million per year on lauan alone

Expiration of the GSP is costing each RV manufacturer on average almost \$138,000 per month in increased duties, with some companies experiencing increased costs in excess of \$400,000 per month. The RV industry is facing an annual increase of between \$24 million and \$32 million just on lauan, simply due to the expired GSP program.

Imported lauan wood has no substitute

There is no other product that is strong enough yet flexible and light enough to be used in certain RV applications. Some of the increased costs from this imported wood must be absorbed by manufacturers.

The RV industry was particularly battered during the recession. While the industry is currently enjoying a moderate resurgence, consumers remain incredibly price sensitive. Increased material costs due to GSP expiration threaten the industry's continued recovery.

Request

RVIA urges Congress to approve legislation to renew the Generalized System of Preferences, retroactive to its expiration on July 31, 2013, as soon as possible and for the longest period possible.



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