

THE EFFECTS OF U.S. GSP ON THE TRADE
EXPANSION OF TAIWAN

Chin-Ming Lin

(Abstract)

Economic development of a country necessitates the ultimate transformation of the economic and social structure, which is realized through self-determined industrialization. It is definitely internal. However, the foreign trade plays a crucial role in the industrialization process.

The inferior position of the developing countries in competing with the industrial countries, due to the rather late starting-off, leads to the proclamation of a preferential treatment to the manufactured exports of the former granted by the latter to expand the poor country's export markets and raise their development level. Without doubt, the United States is the most important country among those implementing the generalized system of preferences to our trade opportunities.

Preferences have triggered a great deal of argument politically. As to the economic aspect, preferences affect the developing country's exports through the trade creation and trade diversion by the concessions of the benefactors and developed non-beneficiaries, which are enhanced by the contraction of effective protections in terms of effective tariff rates. Preferences, with the appropriate market power of the beneficiaries, can increase the benefit of exports of the less developed countries.

Unfortunately, the contemporary generalized system of preferences of the U.S. and others, at the protectionist stance, is a conditional and limited instrument due to the preventive proceedings and non-tariff barriers in them. We should plead the developed countries, especially the U.S., to improve the current GSP and, more importantly, we should also engage to participate in the multilateral negotiations on trade and tariffs in hopes of exterminating all the trade barriers and procuring the potential export opportunities.