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House Approves GSP Renewal Bill

Dear Valued Customer,

House Ways and Means Committee leaders introduced H.R. 2832 on September 2, 2011 and the House voted to pass it on **September 7** under a suspension of the rules procedure where no floor amendments are allowed and a 2/3 vote was required to pass.

Under H.R. 2832, the Generalized System of Preferences (GSP) program would be retroactively renewed through July 31, 2013 with reimbursement of duties paid for articles entered after the expiration date of December 31, 2010.

However, in order to "pay for" the GSP renewal, H.R. 2832 also increases the Merchandise Processing Fee (MPF) on formal entries to 0.3464% ad valorem from the current rate of 0.21% ad valorem (an increase of 65%). The effective date of the MPF increase may begin on October 1, 2011, if signed into law by the President.

Now that the House has passed H.R. 2832, it will go to the Senate. Passage of the bill by the Senate is also expected. Then the bill must be approved (enacted) by the President. The Senate could amend the measure to attach a Trade Adjustment Assistance renewal provision. (Under an August "agreement," the Senate is expected to take up TAA before it deals with the pending FTAs.) If the Senate amends H.R. 2832, it would have to go back to the House. Action on TAA could prompt the President to submit the implementing legislation for the pending FTAs (Korea, Colombia, and Panama) to Congress.

After enactment by the President, Customs and Border Protection (CBP) is expected to automatically issue reimbursements of duties paid on GSP eligible articles if the Customs entries were properly flagged at the time of entry with the Special Program Indicator (SPI) codes A, A+, and A*. If the Customs entries were not flagged, post-entry amendments or protests would need to be filed with CBP no later than 180 days after the date of the enactment to receive reimbursement.

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As additional information, the legislation does not propose any amendments to the \$485 cap on the maximum MPF, nor the minimum \$25 MPF, for formal entries. The flat rate MPF for informal entries is not affected by the bill. In addition, the Express Consignment Carrier fee for processing merchandise is similarly unaffected. Merchandise is exempt from the ad valorem MPF if it is classified under certain HTS Chapter 98 provisions, or is a product of an insular possession, a CBI country, a least developed beneficiary country, or is from a country that has a free trade agreement with the U.S.

House Majority Leader’s schedule, with link to text of H.R. 2832 is available [here](#).

We thank you very much for your time and should you require any assistance or if you have any questions, please consult with your local James J. Boyle & Co. office listed below.

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