

September 28, 2011

## Senate Renews GSP

On September 22, 2011 the U.S. Senate passed H.R. 2832. This bill titled 'An Act to extend the Generalized System of Preferences and for other purposes' has a few main objectives.

The objectives of this bill are to renew Generalized System of Preferences (GSP), extend Trade Adjustment Assistance (TAA) and increase the Merchandise Processing Fee (MPF) temporarily.

### Generalized System of Preferences (GSP)

GSP has been retroactively renewed until July 2013. This renewal will once again give preferential treatment for certain items from developing beneficiary countries.

### The Trade Adjustment Assistance (TAA)

The Trade Adjustment Assistance (TAA) was renewed to provide benefits to those persons whose jobs are lost as a result of international trade. The Obama administration sees this as an important step before signing into force the FTAs with Panama, Colombia and South Korea.

### Merchandise Processing Fee (MPF)

The 0.21% Merchandise Processing Fee (MPF) will be adjusted as follows:

July 1, 2014\* – November 30, 2015: Raised from 0.21% to 0.3464%

October 01, 2016 – September 30, 2019: Lowered from 0.21% to 0.174%

For the time period of October 1, 2012 through November 12, 2012 the MPF will actually have to be prepaid by September 25, 2012 (based on 2011 data for this timeframe). This payment will then be reconciled and any refunds will be returned with interest. On the contrary though, interest will not be assessed on underpayments.

The House originally passed the GSP renewal on September 7, 2011. However, since the Senate added the TAA provisions and the MPF increase as amendments, this bill has been returned to the House of Representatives to be voted on again. It is expected to pass, and the President is expected to subsequently sign this bill.

If you would like more information on this or any other Global Trade Compliance matter please contact Allyn at (239) 489-9900 or you can email us at [Dreckman.M@allynintl.com](mailto:Dreckman.M@allynintl.com).

*The house version called for an increase period of October 1, 2011 to June 30, 2014.*