

**House Passes Bill to Renew GSP and Raise MPF**

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On September 5, 2011, the U.S. House of Representatives passed H.R. 2832 taking a major step in renewing the Generalized System of Preferences ("GSP"). The GSP is a long-standing import program that permits approximately 130 developing countries to export thousands of qualifying goods to the United States without paying duties.

If the bill is passed by the Senate and signed into law by the President in its current form, GSP benefits will be applied to qualifying goods exported by GSP countries to the United States on or after the date of enactment through July 31, 2013 (unless further renewed). GSP benefits will similarly be applied retroactively to qualifying entries of merchandise entered during the period of January 1, 2011 through the date of enactment.

In addition to renewing GSP, H.R. 2832 includes a provision authorizing an increase in the Merchandise Processing Fee ("MPF"). In accordance with 19 U.S.C. §1401, importers of record are required to pay an MPF to U.S.

Customs and Border Protection on imported and entered merchandise. The MPF rate is currently 0.21%. This rate is based upon the value of the imported merchandise (*ad valorem*) and does not include duty, freight, or insurance charges. The maximum assessable MPF amount per entry is \$485, while the minimum fee is \$25.

H.R. 2832 temporarily raises the MPF rate to 0.3464% for formal entries of merchandise imported into the United States during the period October 1, 2011 to June 30, 2014. The current bill does not modify the minimum or maximum fees that can be assessed. The effect of this nearly 65 percent increase in MPF will be felt by importers of smaller individual shipments valued between \$7,220 and \$140,100.

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