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President Signs Free Trade Agreements and GSP Renewal with MPF Increase

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On October 21, 2011 President Obama signed all three trade agreements between the U.S. and Korea, Panama and Colombia in addition to H.R. 2832 which retroactively renews the Generalized System of Preferences (GSP), Trade Adjustment Assistance (TAA) and increases the Merchandise Processing Fee (MPF).

The provisions of H.R. 2832 are effective 15 days after enactment, meaning GSP will be reactivated November 5, 2011 and refunds for GSP eligible entries entered between that date and January 1, 2011 can begin. Entries which included the GSP special program indicator will be processed for refunds automatically, importers wishing to receive refunds on other eligible entries will need to file post entry amendments.

The legislation also increases the MPF from 0.21 percent to 0.3464 percent until November 30, 2015. The U.S.-Korea Trade Agreement further extends this MPF increase from December 1, 2015 through June 30, 2021. U.S. Customs and Border Protection (CBP) issued CSMS# 11-000262 today stating that they are in the process of modifying their system to accept the new rates. The minimum and maximum MPF are not affected.

In addition, the U.S.-Colombia Trade Agreement legislation included a retroactive renewal of the Andean Trade Preference Act/Andean Trade Promotion and Drug Eradication Act (ATPA/ATPDEA), also effective 15 days from enactment.

As reported earlier the free trade agreements will enter into force once the President determines each trading partner "has taken measures necessary to comply with those provisions of the Agreement that are to take effect on the date on which the Agreement enters into force," but no earlier than January 1, 2012.