



FedEx Regulatory Alerts & Updates

Regulatory Alert: Generalized System of Preferences Expires December 31, 2020

December 23, 2020

BACKGROUND

The Generalized System of Preferences (GSP) provides duty-free treatment to goods of designated beneficiary countries. The program was authorized by the Trade Act of 1974 to promote economic growth in the developing countries and was implemented on January 1, 1976. GSP is identified with the special program indicator (SPI) "A," "A+" and "A*". Countries shipping specific items from GSP countries receive a duty reduction.

WHAT HAS CHANGED?

The GSP was not extended in the recent Consolidated Appropriations Act, 2021 which was passed by U.S. Congress on Dec. 21, 2020. Thus, the GSP will expire for goods entered or withdrawn from warehouse at the close of the day on December 31, 2020.

U.S. importers should understand that column 1 duty rates will be applied to formerly GSP-eligible articles effective January 1, 2021.

U.S. Customs and Border Protection strongly encourages the continued flagging of GSP-eligible importations with the SPI "A" during the lapse in the event that GSP is renewed with a retroactive refund clause. Note that importers may not file SPI "A" without the payment of duties. Customers completing a commercial invoice for GSP benefits need to include a complete description of the commodity, include the U.S. HS and clearly indicate that GSP applies.

These steps taken now will greatly assist customers in the United States in recovering the duties paid should GSP be renewed with a retroactive refund clause and will allow for a quicker duty refund process.

Q & A

Q 1 - When will the GSP be reinstated?

A 1 - The expiration of GSP has happened twice before in the past 6 years in 2015 and 2017. We cannot speculate when US Congress will reinstate the GSP. There is usually a set date for the resumption of the GSP provided in advance by Congress so the trade community can prepare.

Q 2 - Where can details on the GSP be found?

A 2 - The regulatory details on GSP can be found in HTSUS General Note 4 or in 19 CFR 10.171-10.178.

Q 3 - When the GSP is reinstated in the future, will FedEx Express communicate it?

A 3 - FedEx Express will prepare a RegAlert when the GSP reinstatement date is announced by Congress and explain more about how to apply for any potential refunds on past FedEx import shipments that were GSP eligible.

Q 4 - If I currently have GSP instructions on file with FedEx as my broker, is any additional action needed to ensure importations are flagged during the lapse?

A 4 - FedEx will continue to file GSP eligible importations with the SPI "A" without additional instructions from the importer as long as the proper documentation requirements are met, or customer instructions are on file.

REFERENCES:

CBP GSP site:

<https://ecfr.io/Title-19/Part-10>

HTSUS General Notes:

<https://www.usitc.gov/publications/docs/tata/hts/bychapter/1400gn.pdf#page=11>

Keep up with the latest alerts, trade-related rules, updates and learning opportunities. Sign up to receive FedEx Regulatory News

https://pages.message.fedex.com/regnews_signup/