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Latest changes on the EU GSP system

On 1 January 2014, following Regulation (EU) No 978/2012, the new ‘Generalised Scheme of Preferences’ (GPS) entered into force. The various changes in this Scheme compared to the previous version, which was applicable until 31 December 2013, were addressed in a series of newsletters over 2013.

Late 2013 and early 2014, the European Commission published two Regulations to further amend the GSP as of 1 January 2014.

GSP+ countries

With Regulation (EU) No 1/2014, the Commission published the official list of countries which are granted the tariff preferences under the special incentive arrangement for sustainable development and good governance (GSP+). This scheme provides additional tariff preferences compared to the general arrangement (GSP).

As of 1 January 2014, the following countries are granted GSP+ market access to the EU: **Armenia**, **Bolivia**, **Cape Verde**, **Costa Rica**, **Ecuador**, **Georgia**, **Mongolia**, **Pakistan**, **Paraguay** and **Peru**.

Guatemala, **the Maldives** and **Panama**, who also requested to benefit from the GSP+ arrangement but at a later stage than the aforementioned countries, have not been granted access yet. The Commission may still grant these three countries access to GSP+ at a later time.

Other ‘country changes’

Following Regulation (EU) No 1421/2013, the following (additional) changes are applicable for the GSP as of 1 January 2014.

- **South Sudan** is added to the list of ‘least-developed countries’ and as such now benefits from the special arrangement for the least-developed countries (Everything But Arms (EBA));

- **Myanmar/Burma**’s temporary withdrawal from the GSP has been repealed, allowing the country to benefit from the special arrangement for the least-developed countries (EBA);

- **The Maldives** have been removed from the list of least-developed countries and no longer benefits from the special arrangement (EBA). This implies that from 1 January 2014, the Maldives benefit from the general GSP arrangement and may be granted access to the GSP+ arrangement at a later stage this year, as described above.

More changes to follow in 2015

Regulation (EU) No 1421/2013 also announced some future changes to the GSP. From one year after the date of this Regulation's entry into force (i.e. 1 January 2015 as the Regulation entered into force on 1 January 2014), **China**, **Ecuador**, **the Maldives** and **Thailand** will be removed from the general GSP arrangement.

China is a significant name in this list as it is (by far) the largest exporter of products to the European Union (EU). The removal of China from the GSP as of 1 January 2015 may potentially impact many traders. However, since many products (GSP Sections) imported from China are already graduated (i.e. excluded) from the GSP benefits, the changes may have a limited impact. Examples of products which currently are not graduated for China and therefore impacted as of 2015 are the following: live plants and floricultural products; animal or vegetable oils, fats and waxes; preparations of meat and fish; mineral products.

Only a few sections are currently graduated for **Ecuador** (live plants and floricultural products; preparations of meat and fish) and **Thailand** (preparations of meat and fish; prepared foodstuffs; pearls; precious metals). All other products originating from these two countries still enjoy preferential GSP EU market access and will be impacted from 1 January 2015 when these two countries are removed from the GSP list of beneficiary countries. **The Maldives** do not have any graduated sections and all products originating from this country will therefore be impacted upon their import into the EU.

What does it mean for you?

When importing products into the EU from any of the aforementioned countries, the current and/or future changes may impact the EU customs duty burden.

What to do?

If the aforementioned is relevant, it is suggested to firstly assess the impact of said current and future changes for the customs duty burden. Should this impact be substantial, certain solutions may be explored. Such solutions may include alternative sourcing, but optimally making use of the possibilities that customs legislation offers can also be useful. For example by establishing a lower customs value (tax base) for products or using customs authorisations to defer and/or minimise the customs duty payments in the EU.

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