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Latest news on GSP changes

Per 1 January 2014, following Regulation (EU) No 978/2012, the new 'Generalised Scheme of Preferences' (GPS) has entered into force. The various changes in this Scheme, compared to the previous version, which was applicable till 31 December 2013, have been addressed by us in a series of newsletters over 2013.

Late 2013 and early 2014, the European Commission published two Regulations (further) amending the GSP per 1 January 2014.

GSP+ countries

With Regulation (EU) No 1/2014, the Commission finally published the official list of countries which are granted the tariff preferences under the special incentive arrangement for sustainable development and good governance (GSP+).
Per 1 January 2014, the following countries are granted GSP+ EU market access: **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 aforementioned countries, are not (yet) granted access to the GSP+ arrangement. The Commission may still grant these three countries access to the GSP+ arrangement at a later stage.

Other 'country changes' per 1 January 2014

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

- **South Sudan** is added to the list of 'least-developed countries' and therewith now benefits from the special arrangement for the least-developed countries (Everything But Arms (EBA));
- **Myanmar/Burma**'s temporarily withdrawal from the GSP has been repealed and Myanmar/Burma now benefits form the special arrangement for the least-developed countries (EBA);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 for the least-developed countries (EBA). Per 1 January 2014, the Maldives benefit from the general arrangement of the GSP and may be granted access to the GSP+ arrangement at a later stage this year (see above).

More changes to follow per 1 January 2015

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

China is a remarkable name in this list as it is (by far) the largest exporter of products to European Union (EU). The removal of China from the GSP per 1 January 2015 potentially may impact many traders. However, many products (GSP Sections) are already graduated (i.e. excluded) from the GSP for China, which may again limit said impact. Examples of products currently <u>not</u> graduated for China and therefore <u>impacted next year</u>, are: live plants and floricultural products; animal or vegetable oils, fats and waxes; preparations of meat and fish and mineral products.

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

What does it mean for you?

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

What to do?

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

Contact

Any questions concerning the items in this publication? Please contact your usual tax consultant at Deloitte or:

- Klaas Winters, **klwinters@deloitte.nl**, +31 (0)88 288 2125
- Johan Hollebeek, **jhollebeek@deloitte.nl**, +31 (0)88 288 1992
- Fernand Rutten, **frutten@deloitte.com**, + 32 2 600 66 06
- Nick Moris, **nmoris@deloitte.com**, + 32 2 600 66 03
- Julien Pauwels, **jpauwels@deloitte.com**, +32 2 600 66 25
- Tom Verbrugge, **tverbrugge@deloitte.com**, + 32 2 600 66 20

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Wilhelminakade 1
3072 AP Rotterdam
Netherlands

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