

## Customs Flash

### News you can count on



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#### **New Generalized Systems of Preferences: What does it mean for you?**

##### **Products added to the arrangements and an update on GSP+ countries**

In October last year, the Council adopted a regulation amending the European Union's (EU) Generalized Systems of Preferences (GSP). Said new GSP will apply as of January 1, 2014. Based on the GSP, goods originating in certain countries (i.e. 'the beneficiary countries') may enjoy a lower customs duty rate upon import into the EU. The most important changes in the new GSP relate to the country coverage, the products for which the GSP is applicable and the sectors from certain beneficiary countries that have been excluded from the scheme ('the graduated sections'). In our previous newsletters of July, 2013 and August, 2013, we respectively elaborated on the change in country coverage and changes regarding the graduated sections for some beneficiary countries. In this newsletter, we ask your attention for the changes relating to product coverage.

Before we go into the changes with respect to the product coverage, it is firstly important to elaborate on the different arrangements which are part of the GSP.

##### **Arrangements**

The current GSP makes a distinction between three different arrangements, these are the following:

- General arrangement;
- Special incentive arrangement for sustainable development (GSP+);
- Special arrangement for least-developed countries (EBA).

The general arrangement provides for duty reductions and full duty suspensions for products explicitly listed in the GSP.

Beneficiary countries may also apply for the 'special incentive arrangement for sustainable development'. This arrangement is also referred to as 'GSP+' and beneficiary countries can obtain the status of GSP+ beneficiary country if they comply with a defined set of conditions relating to sustainable development. The GSP+ arrangement provides for full duty suspension and the products for which this is applicable are also explicitly listed in the GSP.

For the beneficiary countries that are considered as 'least-developed countries', a special arrangement exists that fully suspends customs duties for all products except for arms. This arrangement is also referred to as 'EBA' (everything but arms).

As the last mentioned arrangement (EBA) is applicable for all products except for arms, and this definition has not changed, the changes with respect to product coverage are only applicable for the two first mentioned arrangements, i.e. the GSP general and the GSP+ arrangement. As said, the products for which these arrangements apply are explicitly listed in the GSP and changes in this respect will be implemented per January 1<sup>st</sup>, 2014. In the next paragraphs we will elaborate on these changes per arrangement.

### Changes related to product coverage

#### GSP general arrangement

The GSP general arrangement makes a distinction between 'sensitive' and 'non-sensitive products' products. Products listed as 'sensitive' (S) under this arrangement may enjoy a duty reduction upon import. Products listed as 'non-sensitive' (NS) under this arrangement may enjoy a full duty suspension (0%) upon import (except for agricultural components).

Under the new GSP, 15 new tariff lines are listed and all are marked as 'non-sensitive'. This means that products classified under said tariff lines benefit from a full duty suspension upon import as of January 1, 2014. Please find below an overview of said tariff lines.

*New tariff lines which are added to the GSP general arrangement and are marked as non-sensitive (NS)*

CN code	Description	
280519	Alkali/alkaline-earth metals other than sodium & calcium	NS
280530	Rare-earth metals, scandium & yttrium, whether/not intermixed/interalloyed	NS
281820	Aluminium oxide other than artificial corundum	NS
310221	Ammonium sulphate	NS
310240	Mixtures of ammonium nitrate with calcium carbonate/other inorganic non-fertilising substance	NS
310250	Sodium nitrate	NS
310260	Double salts & mixtures of calcium nitrate & ammonium nitrate	NS
320120	Wattle extract	NS
780199	Unwrought lead other than refined and other than containing by weight antimony as the principal other element	NS
810194	Unwrought tungsten (wolfram), including bars & rods obtained simply by sintering	NS
810411	Unwrought magnesium, containing at least 99.8% by weight of magnesium	NS

810419	Unwrought magnesium (excl. of 8104.11)	NS
810720	Unwrought cadmium; powders	NS
810820	Unwrought titanium; powders	NS
810830	Titanium waste & scrap	NS

Further, 4 tariff lines which are currently listed in the GSP and marked as 'sensitive' will be marked as 'non-sensitive' in the new GSP. This means that products of these tariff lines, which currently may benefit from a duty reduction upon import, benefit from a full duty suspension (0%) upon import under the new GSP. Please find below an overview of said tariff lines.

*Tariff lines which are currently listed as sensitive and will be listed as non-sensitive (NS) in the GSP general arrangement*

CN code	Description
06031200	Fresh cut carnations and buds of a kind suitable for bouquets or for ornamental purposes
24011060	Sun-Cured Oriental type tobacco, unstemmed or unstrapped
39076020	Pol(ethylene terephthalate), in primary forms, having a viscosity number of 78 ml/g or higher
85219000	Video recording or reproducing apparatus (excluding magnetic tape-type); video recording or reproducing apparatus, whether or not incorporating a video tuner (excluding magnetic tape-type and video camera recorders)

#### GSP+ arrangement

As mentioned before, GSP beneficiary countries can apply for the GSP+ status. The GSP+ arrangement provides for full duty suspension (0%) upon import for products explicitly listed in the GSP.

Recently, the EU has voted on the admission of a group of thirteen countries for the new GSP+ arrangement. This group includes the following countries: Armenia, Bolivia, Costa Rica, Cape Verde, Ecuador, Georgia, Guatemala, the Maldives, Mongolia, Pakistan, Panama, Paraguay and Peru. The Maldives and Pakistan were not part of the GSP+ arrangement before. It appears now that said thirteen countries will be admitted to the GSP+ arrangement. Colombia, Honduras, Nicaragua and El Salvador, which are currently part of the GSP+ arrangement, did not re-apply for admission to the new GSP+ arrangement

In the new GSP, 4 more tariff lines are added to the GSP+ arrangement. Products from these tariff lines, originating in a beneficiary country that is granted the GSP+ status, enjoy a full duty suspension (0%) upon import under the new GSP. Please find below an overview of said tariff lines.

*New tariff lines which are added to the GSP+ arrangement*

CN code	Description
280519	Alkali/alkaline-earth metals other than sodium & calcium
280530	Rare-earth metals, scandium & yttrium, whether/not intermixed/interalloyed
281820	Aluminium oxide other than artificial corundum
780199	Unwrought lead other than refined and other than containing by weight antimony as the principal other element

### What to do?

If you import products from one or more of the aforementioned tariff lines, your imports into the EU may be eligible for a full customs duty suspension (0%) as of January 1<sup>st</sup>, 2014 as a result of the changes in the product coverage of the GSP. In that case, we suggest verifying whether this is also relevant for your imports and, if so, making sure you benefit from the available duty suspension per January 1<sup>st</sup>, 2014.

Whether your imports may benefit from said full duty suspension mainly depends on the country of origin of the relevant products and whether this preferential origin can be proven by means of a certificate of origin Form A. In this respect, it may be necessary to implement solid procedures to obtain such certificates of origin and have these certificates available upon import of the relevant products in order to benefit.

We can assist you by assessing your imports with respect to any impact of the new GSP and determine whether your products may be eligible for duty suspensions upon import. Furthermore, when relevant, we can help you with regard to implementing procedures to obtain certificates of origin and use these upon import into 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](mailto:klwinters@deloitte.nl), +31 (0)88 288 2125
- Johan Hollebeek, [jhollebeek@deloitte.nl](mailto:jhollebeek@deloitte.nl), +31 (0)88 288 1992
- Fernand Rutten, [frutten@deloitte.com](mailto:frutten@deloitte.com), + 32 2 600 66 06
- Nick Moris, [nmoris@deloitte.com](mailto:nmoris@deloitte.com), + 32 2 600 66 03
- Julien Pauwels, [jpauwels@deloitte.com](mailto:jpauwels@deloitte.com), +32 2 600 66 25
- Tom Verbrugge, [tverbrugge@deloitte.com](mailto:tverbrugge@deloitte.com), + 32 2 600 66 20

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