



# **The EU's Generalised Scheme of Preferences (GSP)**

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## Highlights of the Generalised Scheme of Preferences

**DISCLAIMER: This info pack is not a legal text and has been prepared exclusively for information purposes. This should not be used by any party as a basis for any decisions with legal implications. The exclusive legal basis for the GSP is Regulation (EU) No 978/2012 of the European Parliament and of the Council.**

### **1. What is the Generalised Scheme of Preferences?**

#### **1.1 Background to the GSP**

The EU's Generalised Scheme of Preferences (GSP), created following UNCTAD recommendations in 1971, helps developing countries (DC) by making it easier for them to export their products to the European Union. This is done in the form of reduced tariffs for their goods when entering the EU market. Through the **additional export revenue** which is generated, the GSP fosters **growth in their income and supports economic growth and job creation**.

The GSP is a specific instrument focussing on a single dimension only: tariff preferences for trade in goods. It does not have the ambition or the possibility to tackle other problems faced by developing countries. Only a much broader policy mix can address those complex issues.

The GSP is subject to WTO law, in particular to the GATT and the so-called "Enabling Clause" which allows for an exception to the WTO "Most-Favoured Nation" (MFN) principle (i.e. equal treatment should be accorded to all WTO Members).

As the **needs of developing countries vary widely**, the GSP takes a differentiated approach, providing a sliding scale of preferences according to different needs:

(1) **General/standard arrangement - duty reductions** for ca. 66% of all EU tariff lines for **beneficiaries in general**. Currently, 30 countries and territories enjoy these reductions.

(2) Special Incentive Arrangement for Sustainable Development and Good Governance, or "**GSP+**" - **zero duties** for essentially the same 66% tariff lines for countries which ratify and effectively implement core international human and,

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labour rights, environment and good governance conventions. Currently, there are 13 beneficiaries.

(3) Everything But Arms, or "**EBA**" special arrangement for the Least-Developed Countries (**LDCs**) - **full duty-free, quota-free** access for all products except arms and ammunition. Currently, there are 49 beneficiaries.

The GSP undergoes regular reviews to take account of evolutions in international trade patterns, whilst remaining within a stable and predictable framework.

The current scheme was established by Regulation (EU) No 978/2012, preferences under which started to apply on 1 January 2014 and will be effective for 10 years. This Regulation replaced Council Regulation (EC) No 732/2008, whose application was extended by Regulation (EU) No 512/2011.

### **Some terminology**

There are three different terms to describe imports under the scheme. The first is "**covered**" imports. These are those which can theoretically obtain preferences. But some products are graduated from the scheme or preferences are temporarily withdrawn so certain goods from certain beneficiary countries are not eligible for preferences. If excluded products are subtracted from the "covered" imports, "**eligible**" imports are obtained. Finally, sometimes economic operators may choose not to make use of the preferences at hand: "**preferential**" imports are those goods to which the EU customs actually accorded preferences, because the economic operators fulfilled the applicable procedure requirements.

## **1.2 Background to the GSP+**

The philosophy of the GSP+ is that of an incentive based mechanism. It fosters the achievement of its goals by offering the "carrot" of preferences, which it provides when the relevant conventions are ratified and effectively implemented. Thereafter, preferences are used as a lever to ensure that implementation (i) does not deteriorate and (ii) improves over time. A regular dialogue with beneficiaries provides the necessary follow-up, which includes temporary withdrawal mechanisms. This approach of progressive improvement is considered the most appropriate given that the changes that need to take place to fully implement the conventions are of a complex, structural nature and involve high economic costs. Thus, they will not happen overnight, and need to be accompanied of support over longer periods.

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The GSP+ currently covers 13 beneficiaries: Armenia, Bolivia, Cape Verde, Costa Rica, El Salvador, Georgia, Guatemala, Mongolia, Pakistan, Panama, Paraguay, Peru, and the Philippines.

In order to qualify for the GSP+, a country must meet the following **criteria**:

(1) must be considered 'vulnerable'<sup>1</sup>. A vulnerable country means a country:

- which is not classified by the World Bank as a high-income or upper-middle income country during three consecutive years (in other words, is a beneficiary of the standard GSP);
- whose imports into the EU are heavily concentrated in a few products (the 7 largest sections of its GSP-covered imports into the EU represent more than 75% in value of its total GSP-covered imports);
- and with a low level of imports into the EU (its GSP-covered imports into the EU represent less than 6,5% in value of the EU's total GSP-covered imports from all GSP beneficiaries).

(2) must have ratified the 27 core international conventions in the fields of human and labour right, the environment and good governance listed in Annex VIII to the GSP Regulation and the monitoring bodies under these conventions must not identify a serious failure to its effective implementation of any of these conventions.

(3) must give the following binding undertakings:

- to maintain the ratification of these 27 conventions and to ensure their effective implementation,
- to accept without reservation reporting requirements and monitoring imposed by those conventions,
- to accept and cooperate with the EU monitoring procedure.

Once a country qualifies for the GSP+, it has to duly comply with its binding undertakings. Its performance in this regard is subject to an enhanced monitoring mechanism by the EU side.

### 1.3 The dynamics of the GSP reform

The Generalised Scheme of Preferences is born out of three factors.

- First, there is a wide agreement that international trade is essential for development, as it can generate significant revenue and economic activity.

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<sup>1</sup> For a list of all countries deemed vulnerable hence eligible to apply for the GSP+ see the Information Notice for countries which may request to be granted GSP+ published in the EU *Official Journal* on 21 February 2013 and available at [http://trade.ec.europa.eu/doclib/docs/2012/november/tradoc\\_150043.pdf](http://trade.ec.europa.eu/doclib/docs/2012/november/tradoc_150043.pdf).

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- Second, certain countries face difficulties to integrate fully into the international trading system, and require preferences to partake in the benefits of international trade.
- Third, development will only be sustainable in the long run if an economy can also rely on industrial production rather than primarily on commodities—in other words if it is sufficiently diversified. Preferences should thus foster exports of industrial products.

Development and poverty reduction are complex goals, which necessitate myriad building blocks to be realised. The GSP scheme is one of those many blocks. While, on its own, the scheme will not reduce poverty, it can help developing countries boost exports and develop new industries — a factor which, in an adequate political and economic context, can contribute significantly towards development and poverty reduction. This explains why the EU was the pioneer in the introduction of a GSP scheme in 1971, and why it has remained an important policy tool, whose objective is the expansion of exports to the EU by developing countries in accordance with their needs.

In a changing world, the EU's scheme has had to adapt. In particular, the last two decades has seen a move towards greater differentiation amongst beneficiary countries in terms of development, trade and financial needs. Consequently, they require also different patterns of preferences. Particularly, the poorest countries - LDCs - have been provided with full duty-free, quota-free access to the EU through the Everything But Arms ("EBA") initiative (introduced in 2005). Moreover, high-income and upper-middle income developing countries no longer need the EU's unilateral support to penetrate its markets and keep a solid presence therein hence they were deferred the GSP preferences (approach introduced by the current scheme).

Also, since 2005, the scheme has taken up a new role: to provide incentives to those vulnerable countries committed to promote sustainable development and good governance. Such countries are granted additional preferences *via* the "GSP+" arrangement. This objective is intended to complement the overall goal to help those most in need to boost exports.

In 2014, almost €76 billion of imports received GSP preferences – €52 billion of imports from countries under the general arrangement, around €6,6 billion of imports from GSP+ beneficiaries and €17 billion of imports from EBA countries.

### 2. THE REFORMED GSP: RATIONALE AND CONTENT OF THE REFORM

The GSP was reformed in 2012. A powerful institutional reason to reform the GSP was the entry into force of the **Lisbon Treaty**. This required a redesign of the GSP Regulation to reflect the new institutional environment, with the reinforced **role of the European Parliament in trade policy**.

From a substantive point of view, the European Commission engaged in a mid-term review of the instrument. Extensive preparatory analysis (independent studies and the Commission's own Impact Assessment) and a broad public consultation showed that, while it had been successful in achieving its objectives, the EU **GSP was no longer adapted to the current global landscape**. To remain relevant and efficient, the GSP has been reformed along the following main lines:

#### **1. Better focus on those countries most in need**

The last decade has seen the emergence of more advanced developing countries, which are now competitive on a global scale. The EU was providing preferences to many such countries and sectors which no longer needed them: the more advanced economies had successfully integrated in world trade.

On the other hand, many poorer countries are lagging behind. They are affected by competition from the more advanced developing countries which often export very similar products.

Previously, the GSP preferences increased the competitive advantage of more advanced developing countries at the cost of exports from the LDCs and other poor economies. In fact, 40% of preferential exports were absorbed by the more advanced countries. This goes some way to explain the disappointing performance of the poorest.

Hence the need to concentrate preferences on those that most need them: low-income and lower-middle income countries.

This need is the more urgent as tariffs continue to drop as a result of multilateral and bilateral trade liberalisation. With tariff levels falling, preferences also diminish — a process called “preference erosion”. The more advanced countries can compete effectively with low or no preferences but the poorer, if they are to successfully join

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the path of export-led growth and development, need to exploit the diminishing preferences to the full.

### **2. Further promote core principles of sustainable development and good governance**

The previous GSP+ arrangement, which provided additional preferences to countries which ratified and implemented a number of core international conventions on human and labour rights, the environment and good governance, had a positive impact on the ratification of such conventions. However, the impact on their effective implementation was less evident. Hence the arrangement has been enhanced to provide stronger incentives for additional countries to sign up to and effectively implement the relevant international conventions.

### **3. Enhance legal certainty, stability and predictability of the scheme**

The success of the GSP regime depends on the ease with which exporters and importers can use its preferences. The EU has ensured that the reformed scheme is sufficiently stable and predictable for economic operators.

#### **2.1 Focus on need: which countries?**

The current GSP focuses **preferences exclusively on those countries that do need them**. The number of GSP beneficiaries has been reduced **from 178 to 92 compared to the previous scheme**.

***The following groups of countries and territories no longer benefit from the GSP preferential treatment:***

**I. 33 overseas countries and territories** ("OCTs", listed in Annex I), mainly those linked to the EU but also some US, Australian and New Zealand territories.

The US, Australia or New Zealand are developed countries and therefore do not have the same needs as developing countries. As to the EU overseas territories, they have their own preferential market access arrangement. Consequently, the GSP exports to the EU by these countries and territories were marginal (if at all) and the option of utilising the GSP mostly risked creating confusion for economic operators.

These territories have ceased to be eligible for the GSP.

Due to their minimal use of the scheme in the past, the impact of the **reform is expected to be neutral for them**.

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**II. 26 countries with other preferential market access arrangements** (listed in Annex II).

Each of these countries enjoys another preferential trade arrangement with the EU which provides substantially equivalent (or better) coverage as compared to the GSP. This includes countries with a Free Trade Agreement (such as "Euromed" or "Cariforum" FTAs) or with an autonomous preferential arrangement (such as the special regimes for respectively Moldova and Kosovo).

These countries remain "eligible" for the GSP but have ceased to receive the preferences (they are not "beneficiaries") — this nuance is important as **they could come back into the "beneficiary" list if the preferential market arrangement was terminated.**

Again, the use of the GSP was marginal if at all by these countries. This is why in general these countries are **not expected to suffer any negative impacts** due to the GSP reform — in fact, **some are benefiting** from new export opportunities as several of their competitors have ceased to receive the GSP preferences (see next paragraph).

### **III. High and upper-middle income countries**

While the first two sets of countries above have in general moved to other market access arrangements, this group of countries has lost GSP beneficiary status because their needs are no longer comparable to those of poorer developing countries. These more advanced economies no longer need preferences to export; in fact, providing preferences to them was increasing the competitive pressure on exports from LDCs and other poor countries.

Largely thanks to their exporting prowess, some of these countries have grown so significantly that their per capita income levels are similar or higher than the incomes of certain developed countries. In terms of the World Bank per capita income classification, which is an objective and internationally recognised indicator, they have become high or upper-middle income economies. They **clearly no longer need unilateral preferences such as the GSP to successfully trade with the rest of the world** — and they have the resources to tackle more complex development problems such as income distribution, which require adequate internal policies.

Countries which have been listed in the World Bank classification as **high or upper-middle income economies during the most recent three years**, based on Gross National Income (GNI) per capita, continue to be eligible for the GSP but have ceased to be beneficiaries. This includes 7 high-income countries and 1 territory and 18 upper-middle income countries (listed in Annex III).



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Negative **impacts** on these countries' exports are typically expected to be **marginal** (total exports fall by less than 1%).

### Why are negative effects on these countries so small?

- The first reason is that for more advanced developing countries, exports under the GSP were not necessarily a significant proportion out of their total exports to the EU (the average was 8%).
- The second is that the margins of preference provided by the EU GSP are relatively low, given the EU's already low normal (MFN) tariff levels.

A key point is that even **marginal drops in exports by the more advanced**, bigger economies can potentially **provide significant opportunities for the poorest**, whose exports are very small in comparison. To give an idea of the order or magnitude, a drop of 1% in, say, Brazilian exports, is equivalent to more than 16 times Burkina Faso's total exports to the EU.

These countries remain "eligible", but are no longer "beneficiaries" of the GSP scheme. This means that in case their situation changed (if they are no longer classified as high or middle-upper income economies) they would **become beneficiaries of the scheme again**.

The list of beneficiaries of the current GSP (sub-divided per the three arrangements) is provided under Annex IV.

## **2.2. What has changed regarding "graduation" of competitive sectors?**

Some developing countries still have a low per capita income but have extremely successful export sectors for many industries. These industries (e.g. textiles, chemicals, leather products) are competitive worldwide at the highest level. They also do not need preferences to successfully penetrate world markets. Therefore, the EU's GSP scheme withdraws preferences to such sectors on the basis of a so-called "graduation" mechanism.

Graduation means that imports of particular groups of products originating in a given GSP beneficiary country lose GSP preferences while imports of the other groups of products from that country keep the preferential treatment. Graduation concerns imports that are competitive on the EU market and so no longer need the GSP to penetrate it and keep a solid presence therein.

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The current GSP **maintains the core principles** behind graduation but **adjusts three elements from the previous scheme**:

- **Product sections used for graduation are expanded** from 21 to 32. This ensures that graduation is **more objective**, as the products in the categories are more homogenous. This avoids that graduation “overshoots”, removing preferences for some products which are not competitive simply because they are in a section which includes other very competitive products from a different industry.
- **Graduation thresholds have increased** from 15% to 17.5% (and from 12.5% to 14.5% for textiles). Still, as the number of beneficiaries has dropped, graduation will happen sooner. This is an intended effect, as the previous mechanism “undershooted”, failing to identify many sectors which had already become competitive and thus no longer needed preferences. However, an increase in the thresholds was necessary to keep this **increase in graduation to the minimum level necessary**.
- **Graduation no longer applies to GSP+ countries**. Like EBA countries, GSP+ countries are vulnerable and display a non-diversified export base. Given that graduation has never applied to EBA, it is only fair to treat GSP+ countries in the same fashion. This should also make the GSP+ more attractive to potential applicants (see below).

On the whole, the revamped graduation is expected to remove preferences from sectors that no longer need them — and provide opportunity to those most in need of the EU's help.

### *The graduated sectors for the period 2014 – 2016*

On 17 December 2012, the Commission adopted a list of the sectors that are graduated for the period running from 1 January 2014 – 31 December 2016 (see Annex VI). Thus, economic operators had more than a year to adapt to the new conditions.

### **2.3. A carefully selected product expansion and increase of preference margins**

The current GSP incorporates also an expansion in products and preference margins, albeit a limited one:

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- 15 new tariff lines were added to the standard GSP as “non-sensitive” (duty-free access);
- 4 tariff lines under the standard GSP which were “sensitive” turned to “non-sensitive” (duty-free access);
- 4 new tariff lines were added to the GSP+ (duty-free access).

These items have been **carefully selected**.

Why such a careful selection, leading to a relatively modest number of further liberalised lines? The reason is that the poorest (LDCs) already have duty-free, quota-free access for all products. This means that they have an advantage for most of those products — they can export them without duty while other developing countries have to pay duties. Increasing the number of products which enjoy the standard GSP/GSP+ or depth of these preferences would make LDCs exports relatively less attractive. This would set the poorest back, rather than help them. This discussion underlines a general point: products from **developing countries are competing amongst each other** in the EU market, and **preferences often determine which country can sell products** and which cannot.

Also, this whole question should be seen in context. In fact, product coverage under the standard GSP is already very high: 66% of the EU tariff lines. If 25% of other lines which are already at 0% normal (MFN) duty are added, **only 9% tariff lines** (mostly agricultural products) **are today outside the GSP**. The room for expansion is thus very limited — underlining the generosity of the scheme.

The EU’s decision has thus focussed on tariff lines (mainly raw materials, see Annex V for details) which expand the opportunities to export of GSP and GSP+ beneficiaries, but minimise the negative impact on LDCs.

### 2.4. What is new under the reformed GSP+?

The EU has the objective to further promote core human and labour rights, and other principles of sustainable development and good governance. To achieve these aims, the EU has provided for **more incentives for countries to join the GSP+** arrangement, while at the same time **enhancing its monitoring to ensure those rights and principles are effectively respected**.

The GSP provides **powerful incentives to join the GSP+** and to implement the 27 core international conventions:

1. There is now less competition from more advanced developing economies and sectors which lost preferences.

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2. GSP+ countries are no longer “graduated” by sections.
3. The so-called “vulnerability criterion” (economic conditions a country needs to fulfil in order to be eligible for the GSP+) has been relaxed (in particular, the country's share in the overall EU GSP imports has been increased from 1% to 2%) so more countries can apply. For example, Pakistan and the Philippines have thus become eligible, and both countries already have made a successful application to join the arrangement.
4. Applications will be accepted at any time — not only every 1.5 years, as in the past.
5. The number of core conventions has not been expanded, allowing beneficiary countries a realistic chance to focus on the essentials.

While more incentives have been introduced, the current scheme **reinforces the mechanisms to track the implementation of the conventions by GSP+ countries**. The main changes are as follows:

1. Monitoring has been enhanced by means of the European Commission's continuous dialogue with beneficiary countries, and by mandating reports every 2 instead of every 3 years. Scrutiny is now carried out not only by the Council of the EU, but also by the European Parliament.
2. Beneficiary countries need to fully cooperate with the international monitoring bodies, without reservations, including as regards their reporting obligations.
3. Withdrawal mechanisms are more objective. To complement the reports of the international monitoring bodies, the EU may use other sources of accurate information. Also, the burden of proof has been reversed: when evidence points to problems with the implementation, it is up to the beneficiary country to demonstrate a positive record.

All countries which wish to enter the GSP+ must make a formal application showing that the requirements of the GSP Regulation are met.

The **rules of procedure for the granting of GSP+** preferences are established by a dedicated Commission Regulation which entered into force on 22 February 2013. Once a country applies for GSP+ preferences, a final decision on the granting of these preferences can take up to 10 months. The Commission has up to 6 months to analyse the application and to propose the granting of the GSP+, if the criteria are met. Then, the Council of the EU and the European Parliament have up to 4 months to object to such a Commission proposal (2 months which may be extended by further 2).

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More information on the rules of procedure for the granting of GSP+ preferences may be found at :

[http://trade.ec.europa.eu/doclib/docs/2013/february/tradoc\\_150584.pdf](http://trade.ec.europa.eu/doclib/docs/2013/february/tradoc_150584.pdf).

Once a country qualifies for the GSP+, it has to duly comply with its binding undertakings. Its performance in this regard is subject to close **monitoring** by the European Commission. The Commission namely monitors that the country:

- maintains ratification of the 27 core international conventions on human and labour rights, environmental protection and good governance listed in Annex VIII of the GSP Regulation;
- ensures their effective implementation;
- complies with reporting requirements under the respective conventions;
- accepts regular monitoring and review of its implementation record by the monitoring bodies of the respective conventions; and
- cooperates with the Commission in its monitoring role and provides all necessary information.

In order to meet its monitoring obligations, the Commission prepares a "**scorecard**" for each GSP+ beneficiary. The scorecards list the shortcomings, in particular in effective implementation of the conventions, which have to be addressed by the beneficiaries in order to duly comply with their binding undertakings. The basic elements of the scorecards are the shortcomings identified by the monitoring bodies of the conventions while the Commission also takes into account reliable information from other sources, such as civil society, social partners, the European Parliament or the EU Member States.

The beneficiary countries receive their first individual scorecards shortly after entering the GSP+ arrangement. The Commission then establishes a continuous **dialogue** on GSP+ compliance with the beneficiaries' authorities, drawing their attention to the problematic areas identified in the scorecards. The Commission updates the scorecards annually, taking into account information received during the GSP+ dialogues, new reports issued by the monitoring bodies as well as reliable information from third parties.

Every two years since the start of application of the reformed GSP, the Commission is obliged to present to the European Parliament and to the Council of the EU a **report** on the implementation of the GSP+, in particular the status of ratification and effective implementation of the 27 conventions by the beneficiaries and these countries' compliance with their reporting obligations under the conventions. The first such report should be submitted by the end of 2015.

### 2.5. What is new under EBA?

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The Everything But Arms arrangement was already an open-ended tool and this has not changed. Least Developed Countries continue to benefit from duty-free, quota-free access to the EU market for all products – except for arms and ammunition. LDCs also continue to benefit from the amended, more favourable, GSP Rules of Origin applying since 2011.

Under the current GSP, the **effectiveness of the EBA arrangement has been strengthened**. Reducing the GSP to fewer beneficiaries and increasing graduation has reduced competitive pressure and made the preferences for LDCs more meaningful – providing significantly more opportunity to export.

### 2.6. Enhancing certainty, stability and predictability of the scheme

Importers and exporters need legal certainty, stability and predictability to actually use GSP preferences. These elements have been reinforced by the current GSP in several ways:

1. The scheme no longer ends every 3 years, as used to be the case. Rather, it will **last 10 years** (until the end of 2023).
2. There are **transition periods of at least one year** for changes to the beneficiaries lists.
3. Removals from the beneficiary lists due to the income criterion happen only if countries are listed as high or upper-middle income **3 years in a row**, i.e. their level of economic development is sustained.
4. There are many **procedures** (temporary withdrawals, safeguards etc) which affect operators – yet the previous Regulation was often silent about how these work and how operators can defend their rights in practice. The current GSP has made all of these **more detailed and transparent**. Fundamental provisions are included in the basic GSP Regulation and further details are provided for by a dedicated Commission Regulation (available at [http://trade.ec.europa.eu/doclib/docs/2014/january/tradoc\\_152058.pdf](http://trade.ec.europa.eu/doclib/docs/2014/january/tradoc_152058.pdf)).

### 2.7. Other changes

The current GSP has also introduced balanced improvements to the conditions for withdrawal from the scheme – notably in making explicit that **unfair trading practices** include those affecting the supply on raw materials.

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Procedures that trigger the general safeguard clause have also been clarified, and special/automatic safeguards have been expanded to cover all textiles and ethanol.

### 2.8. Institutional adaptations

The institutional framework of the Treaty of Lisbon, with the enhanced role of the European Parliament in trade policy, is reflected in the current GSP.

The current scheme is a dynamic tool, allowing countries to potentially come in and out of the beneficiary lists. This implies that the different thresholds foreseen in the basic GSP Regulation which are linked to the beneficiary pool (graduation, vulnerability), as well as the different lists of beneficiaries, have to be amended swiftly. In particular all these elements, which have been included in different annexes, can be amended by the Commission via **delegated acts** and not via the ordinary legislative procedure which would take much longer.

An overview of the different institutional provisions is included in Annex VII.

### **3. IMPLEMENTATION OF GSP RULES**

#### **3.1 Implementation by secondary legislation**

The GSP is a "dynamic" tool: its application follows the changes in trade flows and EU Trade policy, to adapt the instrument to the actual needs of GSP eligible countries.

The Commission ensures the correct implementation of the Regulation, by preparing a series of legal acts which are necessary to update the application of the rules. The following procedures are followed:

1. *Delegated acts to amend country lists:*
  - a. *Annex I of GSP Regulation (list of eligible countries; amended to reflect changes in international classification of countries)*
  - b. *Annex II of GSP Regulation (list of standard GSP beneficiaries; amended when data shows changes to qualification status or evidence is found justifying temporary withdrawal of preferences)*
  - c. *Annex III of GSP Regulation (list of GSP+ beneficiaries; amended when successful applications are made or when beneficiaries no longer meet requirements to keep the preferences)*
  - d. *Annex IV of GSP Regulation (list of EBA beneficiaries; amended when data shows changes to qualification status or evidence is found justifying temporary withdrawal of preferences)*
2. *Delegated acts adjusting graduation and GSP+ vulnerability thresholds (specified in Annexes VI and VII of GSP Regulation) to offset the impact of changes to the country lists, notably the list of standard GSP beneficiaries (Annex II of GSP Regulation)*
3. *Delegated acts on some procedural aspects (GSP+ entry, GSP/GSP+ withdrawals, safeguards)*
4. *Implementing acts establishing successive lists of graduated sections.*

Please see DG TRADE dedicated website for further information:



## Highlights of the Generalised Scheme of Preferences

<http://ec.europa.eu/trade/policy/countries-and-regions/development/generalised-scheme-of-preferences/>

Post-legislative act	Function
Commission Implementing Regulation 1213/2012	Establishing list of graduated sections for 2014-2016
Commission Delegated Regulation 154/2013	Amending Annex II
Commission Delegated Regulation 155/2013	Establishing rules of procedure for granting GSP+
Commission Delegated Regulation 1083/2013	Establishing rules of procedure for temporary withdrawal and safeguards
Commission Delegated Regulation 1421/2013	Amending Annexes I, II, and IV
Commission Delegated Regulation 1/2014	Establishing Annex III
Commission Delegated Regulation 182/2014	Amending Annex III
Commission Delegated Regulation 1015/2014	Amending Annexes II and III
Commission Delegated Regulation 1016/2014	Amending Annex II
Commission Delegated Regulation 1386/2014	Amending Annex III
Commission Delegated Regulation 602/2015	Amending Annex VII

### **4. ANNEXES**

#### **ANNEX I**

##### **"Overseas countries and territories (OCT's)" (33):**

As explained in the body of the text, these partners already have a special market access arrangement to the EU or belong to other developed countries. They were among the beneficiaries of the previous GSP but are no longer eligible for preferences under the current scheme.

Anguilla, former Netherlands Antilles, Antarctica, American Samoa, Aruba, Bermuda, Bouvet Island, Cocos Islands, Christmas Islands, Falkland Islands, Gibraltar, Greenland, South Georgia and South Sandwich Islands, Guam, Heard Island and McDonald Islands, British Indian Ocean Territory, Cayman Islands, Northern Mariana Islands, Montserrat, New Caledonia, Norfolk Island, French Polynesia, St Pierre and Miquelon, Pitcairn, Saint Helena, Turks and Caicos Islands, French Southern Territories, Tokelau, United States Minor Outlying Islands, Virgin Islands – British, Virgin Islands- US, Wallis and Futuna, Mayotte.

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### ANNEX II

#### **Partners which have another preferential market access arrangement (26):**

The following partners (which belonged to the beneficiaries of the previous scheme) are no longer on the GSP beneficiary list under the current scheme:

- “Euromed” (6): Algeria, Egypt, Jordan, Lebanon, Morocco, Tunisia
- Cariforum (14): Belize, St. Kitts and Nevis, Bahamas, Dominican Republic, Antigua and Barbuda, Dominica, Jamaica, Saint Lucia, Saint-Vincent and the Grenadines, Barbados , Trinidad and Tobago, Grenada, Guyana, Surinam
- Eastern and Southern Africa (3): Seychelles, Mauritius, Zimbabwe
- Pacific (1): Papua New Guinea
- Other (2): Mexico, South Africa

*Note: Colombia, Costa Rica, Guatemala, El Salvador, Honduras, Nicaragua, Panama and Peru are going to receive GSP preferences until 31 December 2015. Subsequently, they are going to be removed from the list of beneficiaries because they have been applying a free trade agreement with the EU since 2014. This is provided for by a Commission Delegated Regulation published on 27 September 2014.*

## Highlights of the Generalised Scheme of Preferences

### ANNEX III

**High-income countries** (7) and a territory (1) according to the World Bank classification

The following partners (which belonged to the beneficiaries of the previous scheme) are no longer on the GSP beneficiary list under the current scheme:

- Countries: Saudi Arabia, Kuwait, Bahrain, Qatar, United Arab Emirates, Oman, Brunei Darussalam
- Territory: Macao

**Upper-middle income countries** (18) according to the World Bank classification

The following partners (which belonged to the beneficiaries of the previous scheme) are no longer on the GSP beneficiary list under the current scheme:

- Latin America (6): Argentina, Brazil, Cuba, Ecuador, Uruguay, Venezuela
- ex-USSR (4): Azerbaijan, Belarus, Russia, Kazakhstan
- other (8): China (People's Republic of), Iran, Gabon, Libya, Malaysia, The Maldives, Palau, Thailand.

*Note: Turkmenistan is going to receive GSP preferences until 31 December 2015. Subsequently, it is going to be removed from the list of beneficiaries because it was classified as upper-middle income countries for the third consecutive time in 2014. This is provided for by a Commission Delegated Regulation published on 27 September 2014.*

## Highlights of the Generalised Scheme of Preferences

### ANNEX IV

#### **List of beneficiaries under the current GSP**

1. **EBA (49 partners):** Forty-nine Least Developed Countries continue to receive Everything But Arms (EBA) treatment, i.e. duty-free quota-free access for all their products except arms and ammunition (see notes below).

##### Africa:

1. Angola
2. Benin
3. Burkina Faso
4. Burundi
5. Central African Republic
6. Chad
7. Comoros
8. Congo, Dem. Rep. of the
9. Djibouti
10. Equatorial Guinea
11. Eritrea
12. Ethiopia
13. Gambia
14. Guinea
15. Guinea-Bissau
16. Lesotho
17. Liberia
18. Madagascar
19. Malawi
20. Mali
21. Mauritania
22. Mozambique
23. Niger
24. Rwanda
25. Sao Tome and Principe
26. Senegal
27. Sierra Leone
28. Somalia

##### 29. South Sudan

30. Sudan
31. Tanzania
32. Togo
33. Uganda
34. Zambia

##### Asia:

35. Afghanistan
36. Bangladesh
37. Bhutan
38. Cambodia
39. Lao PDR
40. Myanmar/Burma
41. Nepal
42. Timor-Leste
43. Yemen

##### Australia and Pacific:

44. Kiribati
45. Samoa
46. Solomon Islands
47. Tuvalu
48. Vanuatu

##### Caribbean:

49. Haiti

## Highlights of the Generalised Scheme of Preferences

### Notes:

- Following the decision by the Conference of the ILO to lift its negative opinion on Myanmar/Burma on 13 June 2012, the EU reinstated GSP preferences for the country on 19 July 2013, with retroactive application as from 13 June 2012. GSP preferences were withdrawn from Myanmar/Burma in 1997 due to serious and systematic violations of the principles of the ILO Convention on forced labour.
- Following South Sudan's independence in July 2011 and its recognition by the UN as an LDC in December 2012, the EU included it among the beneficiaries of the EBA arrangement in May 2013, with retro-active application as from January 2013.
- Samoa ceased to be an LDC in 2014 and, on the basis of a Commission Delegated Regulation, will be granted a transitional period of three years during which it can still benefit from EBA.

2. (Standard) **GSP** beneficiaries (**30**): Botswana, Cameroon, Colombia, Congo (Republic of) Cook Islands, Cote d'Ivoire, Fiji, Ghana, Honduras, India, Indonesia, Iraq, Kenya, Kirghizstan, Marshall (Islands), Micronesia (Federate States of), Namibia, Nauru, Nicaragua, Nigeria, Niue, Sri Lanka, Syrian (Arab Republic), Swaziland, Tajikistan, Tonga, Turkmenistan, Ukraine, Uzbekistan, Vietnam.

### Note:

*Azerbaijan and Iran also received GSP preferences until 22 February 2014. They were then removed from the list of beneficiaries because they had been classified as upper-middle income countries for the third consecutive time in 2012. This is provided for by a Commission Delegated Regulation published on 21 February 2013. Similarly, China (People's Republic of), Ecuador\*, the Maldives and Thailand were removed from the list of GSP beneficiaries as from 1 January 2015 because they had been classified as upper-middle income countries for the third consecutive time in 2013. This is provided for by a Commission Delegated Regulation published on 31 December 2013.*

3. **GSP+** beneficiaries (**13**): Armenia, Bolivia, Cape Verde, Costa Rica, El Salvador, Georgia, Guatemala, Mongolia, Pakistan, Panama, Paraguay, Peru and the Philippines.

\* Due to this sustained higher level of economic development Ecuador had to exit also the GSP+ arrangement.

## Highlights of the Generalised Scheme of Preferences

### ANNEX V

#### **Products which have been incorporated into the current GSP; products with higher preferences under the current GSP**

**(Standard) GSP: New tariff lines benefiting from preferences as non-sensitive products**

<b><i>CN code</i></b>	<b><i>Description</i></b>
<b>280519</b>	Alkali/alkaline-earth metals other than sodium & calcium
<b>280530</b>	Rare-earth metals, scandium & yttrium, whether/not intermixed/interalloyed
<b>281820</b>	Aluminium oxide (excl. artificial corundum)
<b>310221</b>	Ammonium sulphate
<b>310240</b>	Mixtures of ammonium nitrate with calcium carbonate/other inorganic non-fertilising substance
<b>310250</b>	Sodium nitrate
<b>310260</b>	Double salts & mixtures of calcium nitrate & ammonium nitrate
<b>320120</b>	Wattle extract
<b>780199</b>	Unwrought lead other than refined, n.e.s. in 78.01
<b>810194</b>	Unwrought tungsten (wolfram), incl. bars & rods obt. simply by sintering
<b>810411</b>	Unwrought magnesium, containing at least 99.8% by weight of magnesium
<b>810419</b>	Unwrought magnesium (excl. of 8104.11)
<b>810720</b>	Unwrought cadmium; powders
<b>810820</b>	Unwrought titanium; powders
<b>810830</b>	Titanium waste & scrap

## Highlights of the Generalised Scheme of Preferences

**(Standard) GSP: Tariff lines which were sensitive under the previous scheme but are non-sensitive under the current one**

<b><i>CN code</i></b>	<b><i>Description</i></b>
<b>06031200</b>	Fresh Cut Carnations And Buds, Of A Kind Suitable For Bouquets Or For Ornamental Purposes
<b>24011060</b>	Sun-Cured Oriental Type Tobacco, Unstemmed Or Unstripped
<b>39076020</b>	Poly "Ethylene Terephthalate", In Primary Forms, Having A Viscosity Number Of $\geq 78$ Ml/G")
<b>85219000</b>	Video Recording Or Reproducing Apparatus (Excl. Magnetic Tape-Type); Video Recording Or Reproducing Apparatus, Whether Or Not Incorporating A Video Tuner (Excl. Magnetic Tape-Type And Video Camera Recorders)

**GSP+: New tariff lines benefiting from preferences**

<b><i>CN code</i></b>	<b><i>Description</i></b>
<b>280519</b>	Alkali/alkaline-earth metals other than sodium & calcium
<b>280530</b>	Rare-earth metals, scandium & yttrium, whether/not intermixed/interalloyed
<b>281820</b>	Aluminium oxide (excl. artificial corundum)
<b>780199</b>	Unwrought lead other than refined, n.e.s. in 78.01



## Highlights of the Generalised Scheme of Preferences

### ANNEX VI

#### **List of graduated sectors for the period 1 January 2014 – 31 December 2016 provided for by Regulation (EU) No 1213/2012**

N.B. For countries which are granted GSP+, graduation does not apply (currently this is the situation of Costa Rica).

China P.R., Ecuador and Thailand lost GSP preferences on all their exports on 1 January 2015 as a result of their World Bank classification as upper-middle income economies over three consecutive years (2011, 2012 and 2013).

Country	GSP Section	Description
<b>China P.R.</b>	S-1a	Live animals and animal products excluded fish
	S-1b	Fish, crustaceans, molluscs and aquatic invertebrates
	S-2b	Vegetables and fruit
	S-2c	Coffee, tea, maté and spices
	S-2d	Cereals, flour, nuts, resins and vegetable plaiting
	S-4b	Prepared foodstuffs (excl. meat and fish), beverages, spirits and vinegar
	S-6a	Inorganic and organic chemicals
	S-6b	Chemicals, other than organic and inorganic chemicals
	S-7a	Plastics
	S-7b	Rubber
	S-8a	Raw hides and skins and leather
	S-8b	Articles of leather and fur skins
	S-9a	Wood and wood charcoal
	S-9b	Cork, straw and plaiting
	S-11a	Textiles
S-11b	Apparels and clothing	

## Highlights of the Generalised Scheme of Preferences

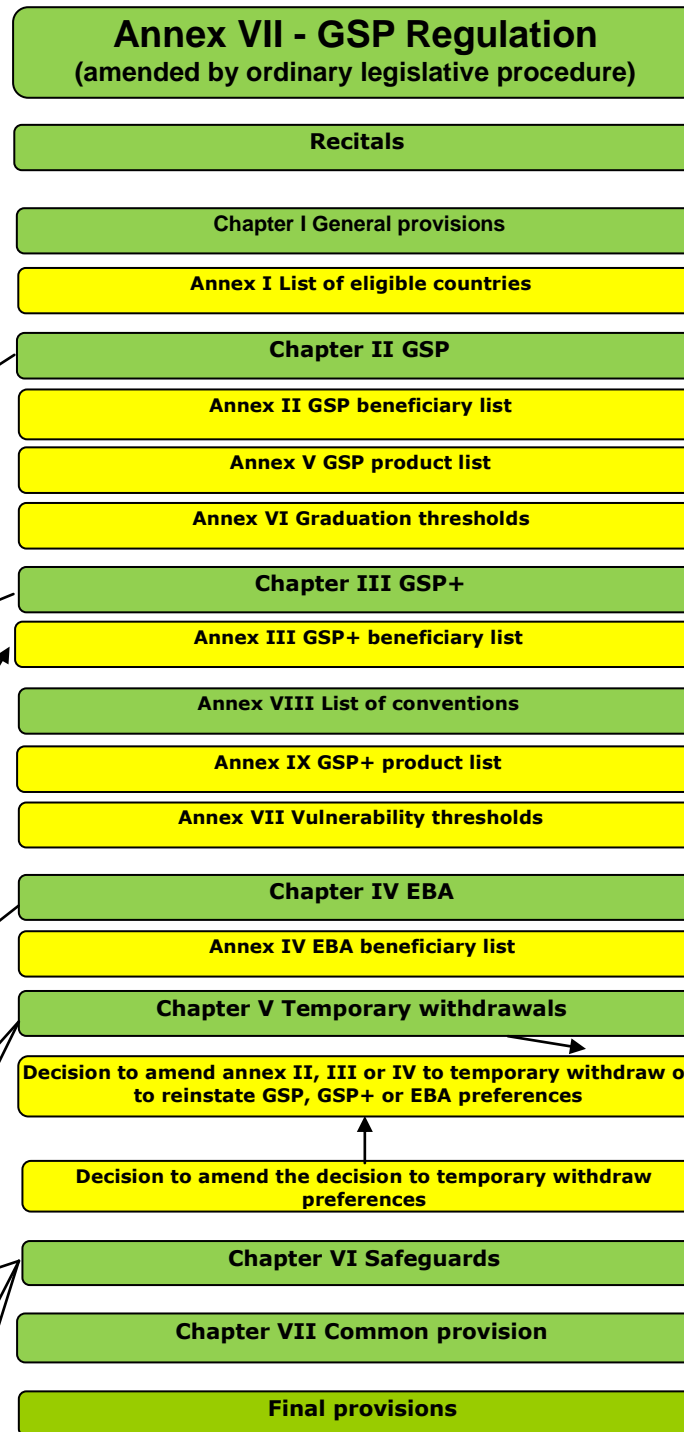
	S-12a	Footwear
	S-12b	Headgear, umbrellas, sun umbrellas, sticks, whips, feathers and down
	S-13	Articles of stone, ceramic products and glass
	S-14	Pearls and precious metals
	S-15a	Iron, steel and articles of iron and steel
	S-15b	Base metals (excl. iron and steel), articles of base metals (excl. articles of iron and steel)
	S-16	Machinery and equipment
	S-17a	Railway and tramway vehicles and products
	S-17b	Road vehicles, bicycles, aviation and space, boats and parts thereof
	S-18	Optical, clocks and watches, musical equipment
	S-20	Miscellaneous
<b>Costa Rica</b>	S-2b	Vegetables and fruit
<b>Ecuador</b>	S-2a	Live plants and floricultural products
	S-4a	Preparations of meat and fish
<b>India</b>	S-5	Mineral products
	S-6a	Inorganic and organic chemicals
	S-6b	Chemicals, other than organic and inorganic chemicals
	S-8a	Raw hides and skins and leather
	S-11a	Textiles
	S-17b	Road vehicles, bicycles, aviation and space, boats and parts thereof
<b>Indonesia</b>	S-1a	Live animals and animal products excluded fish
	S-3	Animal or vegetable oils, fats and waxes
	S-6b	Chemicals, other than organic and inorganic chemicals

## Highlights of the Generalised Scheme of Preferences

<b>Nigeria</b>	S-8a	Raw hides and skins and leather
<b>Ukraine</b>	S-17a	Railway and tramway vehicles and products
<b>Thailand</b>	S-4a	Preparations of meat and fish
	S-4b	Prepared foodstuffs (excl. meat and fish), beverages, spirits and vinegar
	S-14	Pearls and precious metals

## Implementing Acts

## Delegated Acts



**Regulation on procedures:**  
 -application for GSP+  
 -withdrawal/reinstatement of GSP+  
 -withdrawal/reinstatement of GSP, GSP+, EBA  
 - Safeguards

**Decisions amending the Annexes**

Decision to amend Annex I to add or remove a country from the list of eligible countries

Decision to amend Annex II to add or remove a country from the list of GSP beneficiary countries

Decision to amend Annex V to change GSP product list

Decision to amend Annex VI to change graduation thresholds

Decision to amend Annex III to add or remove a country from the list of GSP+ beneficiary countries

Decision to amend Annex IX to change GSP+ product list

Decision to amend Annex VII to change vulnerability thresholds

Decision to amend Annex IV to add or remove a country from the list of EBA beneficiary countries

Decision to remove preferences in textile and agriculture sector

Decision to suspend preferences due to serious disturbance to EU markets, in particular to outermost

Decision to apply surveillance mechanism in agriculture

Decision to establish or review a list of GSP sections that are suspended from GSP preferences

Decision to initiate or terminate GSP+ temporary withdrawal procedure

Decision to amend annex III to temporary withdraw or to reinstate GSP+ preferences

Decision to amend the decision to temporary withdraw preferences

Decision on rules for implementing the provisions on imports of sugar products

Decision to initiate or terminate GSP, GSP+ or EBA temporary withdrawal procedure for reasons of Art19(1)

Decision to temporary withdraw the preferences, prolong or terminate temporary withdrawal in the case of fraud

Decision to immediately reintroduce Common Customs Tariff duties for a period of up to 12 months in the exceptional circumstances

Decision to reintroduce Common Customs Tariff duties due to findings of safeguard investigation

Decision to terminate safeguard investigation