



EUROPEAN COMMISSION

## MEMO

21 February 2013

### The EU's New GSP and GSP+

The European Commission has today published a Regulation on the Rules of Procedures for GSP+ application: these rules explain the procedural aspects of the presentation and how applications are dealt with, as well as setting out the rights of the applicant country.

#### What is GSP?

The GSP or Generalised Scheme of Preferences is a scheme by which the European Union grants tariff reductions to developing countries. The scheme is unilateral, which means that the EU does not require the beneficiary countries to grant reductions from their side. The scheme falls under the purview of the WTO.

As the needs of developing countries vary widely, a differentiated approach has been taken in GSP, providing a sliding scale of preferences according to each country's different situation:

- (1) **Generous duty reductions** for about two thirds of all tariff lines for beneficiaries in general. This is the so called "general scheme". These include the vast majority of manufactured products and many agricultural and fish products. As an additional 25% of EU tariff lines are no longer subject to duties, countries which benefit from the "general scheme" only pay normal duty on 9% of tariff lines.
- (2) **Zero duties** for essentially the same two thirds of % tariff lines for countries which implement core human rights, labour rights and other sustainable development conventions ("GSP+").
- (3) **Full duty free**, quota free access for all products except arms (Everything But Arms, or "EBA") for Least Developed Countries (LDCs).

#### New rules on EU GSP and GSP+

In October 2012, the European Commission published its reformed GSP. The new tariff preferences will enter into force on 1 January 2014. The new GSP Regulation can be found at:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:303:0001:0082:EN:PDF>

More about the reform can be found at:

<http://ec.europa.eu/trade/wider-agenda/development/generalised-system-of-preferences/>

The new GSP rules mean more countries can apply for GSP+. Entry will depend on whether countries fulfil a number of criteria.

A list of countries eligible to apply can be found 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)).

Since the new GSP+ rules are somewhat different from the previous ones, in order to apply the scheme in a non-discriminatory way, all GSP+ eligible countries have to apply to the EU in order to benefit from GSP+ preferences after 31 December 2013 when the new tariff preferences enter into force.

Some countries (*Peru, Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, Panama*) have signed bilateral agreements on trade preferences with the EU. Under the rules of the new regulation, this means that those countries can still get GSP+ preferences under the new GSP (if their application is successful) for up to two years following the date of provisional application of the bilateral agreement. This will give businesses enough time to adapt to the changes in preferences, procedures and rules of origin. In any case, those countries can benefit from superior preferential treatment under the bilateral trade agreement as soon as it is provisionally applied.

## **GSP+ Entry: How It Works**

The EU has defined clear rules for the granting of GSP+, which apply to any requesting country

The country has to formally apply and prove:

- (1) that it has ratified a list of 27 international conventions on core human and labour rights, environment, and good governance (the list of conventions can be found in Annex VIII to the new GSP Regulation);
- (2) that it has no serious problems of implementation of those conventions; and
- (3) that it has not formulated prohibited reservations to those conventions.

The applicant also has to commit to a series of monitoring requirements.

The European Commission will analyse the application and take a decision within six months. During this time, the applicant will have the right to present its views both orally and in writing, and the Commission will also share its views with the applicant, so that it can comment. If the Commission decides to grant GSP+ to the applicant country, it will notify this decision to the European Parliament and the Council of the European Union, who will then have up to four months to express their views. If neither institution objects, the European Commission will notify the applicant country of the final decision to grant GSP+ preferences. In total, the final EU decision on an application for GSP+ can take up to ten months from the lodging of the application.

The Regulation on the Rules of Procedures for GSP+ applications published today can be found here:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:048:0005:0007:EN:PDF>