

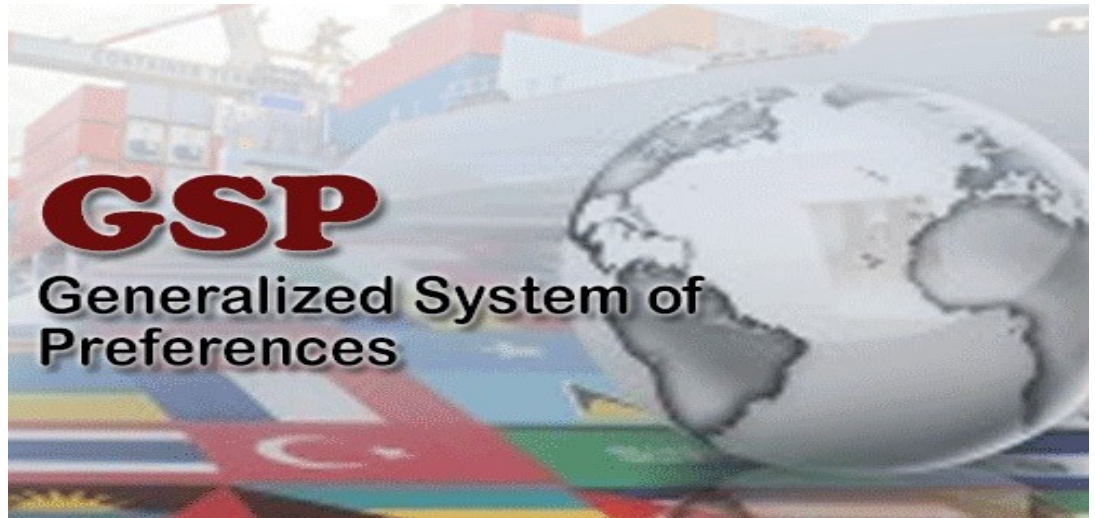


GSP

Facilitating Exports through Trade Preferences

INTERNATIONAL & INDUSTRY LIAISON UNIT

TRADE BEAT



The Generalized System of Preferences (GSP) is a trade preference scheme designed to provide tariff reduction or tariff elimination on certain commodities originating from beneficiary countries, destined for their preference granting counterparts. In other words, the GSP is a trade policy measure that allows the exports of beneficiary countries (developing or least developed countries) to gain preferential access (reduced or duty free tariff rates) to the markets of preference granting countries (developed countries).

The idea of granting developing countries preferential tariff rates in the markets of industrialised countries (developed countries), was originally presented by the then-Secretary General Raúl Prebisch, at the first United Nations Conference on Trade and Development (UNCTAD), in 1964. The GSP was subsequently adopted at UNCTAD II in New Delhi in 1968. Resolution 21(ii) was taken during UNCTAD II, and stated that, “the objectives of the generalized, non-reciprocal, non-discriminatory system of preferences in favour of the developing countries, including special measures in favour of the least advanced among the developing countries, should be:

- A. To increase their export earning;
- B. To promote their industrialization; and
- C. To accelerate their rates of economic growth.”

The GSP schemes therefore create an enabling trade environment for developing countries, where selected products originating in their territories are granted either reduced or zero tariff rates instead of the Most Favoured Nation (MFN) rates. The scope for preferential treatment is even greater for least developed countries, as they receive special and preferential treatment for a wider coverage of products and enjoy far greater tariff cuts under GSP schemes.

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Most Favoured Nation and the Enabling Clause

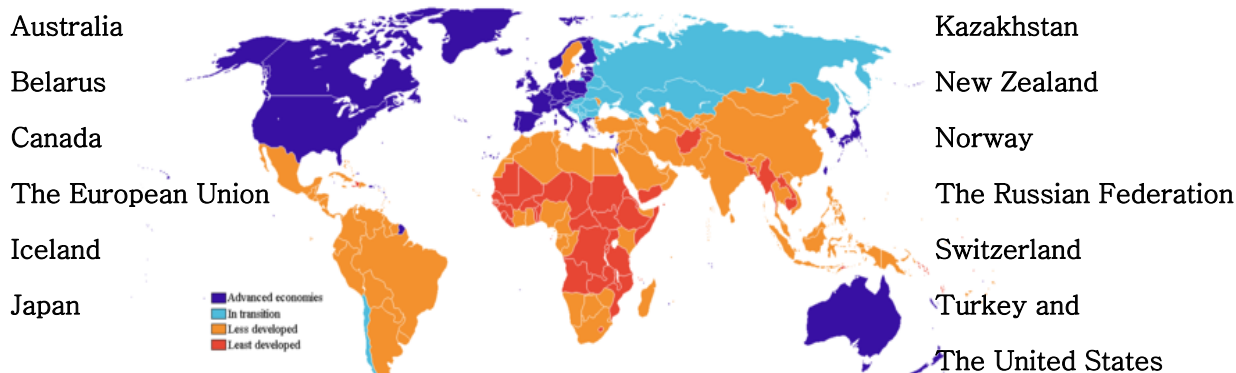
From as early as the 1960s, trade preferences for developing countries were the subject of considerable discussion, largely due to the effects of the principle of Most Favoured Nation (MFN). Under the World Trade Organization (WTO), MFN stipulates that all Members should



provide equal treatment to each other, in relation to the imposition of tariffs, based on the principle of non-discrimination. However, developing countries argued that the principle of MFN did not incentivize developed countries to reduce or eliminate their tariffs and other trade restrictions fast enough to benefit the developing countries. In attempts to allay the concerns of the developing countries, in 1971 the General Agreement on Tariffs and Trade enacted two waivers to MFN. The waivers were for a duration of 10 years and stipulated that goods originating from developing countries were to be granted tariff preferences by developed countries. By 1979 after the waivers expired, a permanent exemption to the MFN obligation was established for the benefit of developing countries, resulting in the enabling clause.

The Enabling Clause Decision of the Contracting Parties of 28 November 1979 (26S/203) entitled “Differential and more favourable treatment, reciprocity and fuller participation of developing countries” created a permanent waiver to the MFN clause of the WTO and allowed preference giving countries the right to grant preferential tariff treatment under their respective GSP schemes. The enabling clause allowed contracting parties to the GATT, to establish systems of trade preferences for their beneficiary countries, as long as they remained generalized, non-discriminatory and non-reciprocal. Today, the contracting parties to the GATT are actually Members of the WTO, which is the international organization formulated by the GATT. As such, the enabling clause is recognized by all WTO members.

There are currently thirteen (13) national GSP schemes that are notified to the UNCTAD Secretariat. These countries are referred to as GSP Donor Countries and are outlined below:



1. Goods consigned from (Exporter's business name, address, country)		Reference No	
2. Goods consigned to (Consignee's name, address, country)		GENERALIZED SYSTEM OF PREFERENCES CERTIFICATE OF ORIGIN (Combined declaration and certificate) FORM A Issued in _____ (country) See notes overleaf	
3. Means of transport and route (as far as known)		4. For official use	
5. Item number	6. Marks and numbers of packages	7. Number and kind of packages, description of goods	8. Origin criterion (see notes overleaf)
			9. Gross weight or other quantity
			10. Number and date of invoice
11. Certification Herby certified, on the basis of control carried out, the declaration by the exporter is correct.		12. Declaration by the exporter The undersigned hereby declares that the above details and statements are correct, that all the goods were produced in _____ (country) and that they comply with the origin requirements specified for those goods in the Generalized System of Preferences for goods exported to _____ (importing country)	
Place and date, signature and stamp of certifying authority		Place and date, signature of authorized signatory	

Documentary Evidence for GSP

The **GSP Certificate of Origin Form A** is the document required to substantiate the origin of goods for the purpose of claiming GSP treatment. The beneficiary countries should inform the preference-giving countries, either directly or through the UNCTAD secretariat, the names and addresses of the governmental authorities issuing the GSP Certificate of Origin Form A together with specimens of stamps used by these authorities. However, it is not required to notify the specimen of signatures or the names of persons authorized to issue Form A. Form A should be presented to the importing country's customs in order to benefit from the zero or reduced tariff rate under the particular GSP scheme. In order to claim preferences, exporters should ensure that Form A is properly filled out in accordance with the specific scheme of the GSP donor country.



Jamaica's Eligibility for GSP Schemes

As a feature of the national trade policy, Jamaica participates in several reciprocal trading arrangements where preferential market access is available to all contracting parties in the form of regional trade agreements (RTAs). However, as a developing country, Jamaica also enjoys non-reciprocal market access in several donor countries under GSP schemes.

Jamaica benefits from GSP treatment from the following Donor Countries:

- | | |
|-------------|------------------------|
| Australia | Norway |
| Belarus | The Russian Federation |
| Japan | Switzerland |
| Kazakhstan | Turkey |
| New Zealand | |

Jamaica's Trading Arrangements	
Name of Agreement	Trading Arrangement
The Caribbean Forum (CARIFORUM) - European Community (EC) Economic Partnership Agreement (EPA)	Reciprocal preferential market access between both Parties
The Revised Treaty of Chaguaramas between Members of the Caribbean Community (CARICOM)	Reciprocal preferential market access between the Parties
CARICOM/COLOMBIA Agreement on Trade and Technical Cooperation	Reciprocal preferential market access between both Parties
CARICOM - Dominican Republic Free Trade Agreement	Reciprocal preferential market access between both Parties
CARICOM - Costa Rica Free Trade Agreement	Reciprocal preferential market access between both Parties
CARICOM - CUBA Trade and Economic Cooperation Agreement	Reciprocal preferential market access between both Parties
CARICOM - VENEZUELA Trade and Investment Agreement	Non-Reciprocal preferential market access to Venezuela.
*Petro Caribe Agreement	*Market access of certain petroleum products to CARICOM
The Caribbean-Canada Trade Agreement (CARIBCAN)	Non-reciprocal preferential market access to Canada
The Caribbean Basin Initiative (CBI)	Non-reciprocal preferential market access to the USA



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The International and Industry Liaison Unit is committed to raising the level of awareness on topics relating to the Caribbean Community, as well as issues concerning the wider topic of international trade, to both our internal and external stakeholders. Our monthly newsletter seeks to highlight global trade topics and their importance to Customs Administrations worldwide and specifically how they affect the Jamaica Customs Agency. As we realize our vision of becoming a modern Customs administration delivering excellent service, we recognize the importance of knowledge transfer in delivering our objectives and use this forum as our way of contributing to the vision of the JCA. The International Liaison Unit is located at the Myers Wharf head office and our officers are available to respond to your queries and clarify any points of concern.

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