



UK GSP and Rules of Origin

The United Kingdom (UK) which exited EU from 1 February, 2020 has applied its own customs duties after the transition period of 11 months i.e. with effect from 1 January, 2021. On account of the changes in customs duties by UK, the GSP preferences available for exports to UK has also changed. However, the UK as per its GSP regulations does not use the EU REX registration but allows Form A with only the self-certification from the exporter (without the need for certification by agencies).

Regulatory Framework of UK

The regulations that govern UK's GSP are the following:

- i. The Trade Preference Scheme regulations (EU Exit) Regulations 2020.
- ii. The Customs (Origin of Chargeable Goods: Trade Preference Scheme) (EU Exit) Regulations 2020.

iii. The Customs Tariff (Preferential Trade Arrangements and Tariff Quotas) (Amendment) (EU Exit) Regulations 2020

The UK has also largely adopted the three tier system of GSP for LDCs (akin to EBA), Enhanced Framework (akin to GSP +) and the General Framework. For India its covers in the HS 2022 nomenclature a total list of **5557 lines** at HS8 digit level. The transposition to the HS 2022 nomenclature from the HS 2017 nomenclature has seen a number of changes, both in terms of the tariff lines as well as the customs duties on existing lines. The HS 2022 nomenclature came into effect on 1.1.2022. The sectoral break up of these lines along with the average normal customs duty or MFN and the average GSP duty is given in the table below:

HS Chapter	Description	Average MFN tariff	Average GSP tariff
1-5	Animal products	9.9%	6.0%
6-14	Vegetable products	4.3%	2.2%
15-24	Processed food	11.6%	7.6%
25-27	Minerals	0.7%	0.0%
28-38	Chemicals	2.4%	0.1%
39-40	Plastic and rubber	3.5%	0.6%
41-43	Leather	1.7%	0.3%
44-49	Wood & paper products	1.4%	0.6%
61-63	Clothing and Madeups	11.2%	8.9%
64	Footwear	9.3%	5.9%
65-67	Headgear/ umbrellas/ feather articles	1.9%	0.0%
68-70	Stone/cement/ ceramics/ glass	2.1%	0.9%
84-85	Machinery	0.6%	0.1%
90	Appliances/Instruments	0.3%	0.0%
91-92	Watches/ musical instruments	1.5%	0.1%
94-96	Miscellaneous	1.3%	0.0%
	Average duty	4.5%	2.6%
Total Lines covered under GSP		5557	

Department of Commerce has taken out a trade notice 37 dated 11 January, 2021 on the UK GSP which provides a hyperlink to access information on the UK GSP at - <https://www.gov.uk/government/publications/trading-with-developing-nations>

For availing of preferential exports to the UK under its GSP, the exporter would have to furnish Form A with an origin declaration. However, there is no need to mention any REX number in the declaration since the EU GSP REX has not been applied by UK. However, the same precautions would need to be exercised in the case of the UK GSP too since the rules of origin are the same. In the case of the UK GSP, the exporters would need to submit electronic application on the e-COO platform of the Department of Commerce at <https://coo.dgft.gov.in> . The Form A can then be printed from this electronic platform with the image sign and signature.

Rules of Origin

In order for goods to benefit from the customs duty preferences under the UK GSP upon importation into the UK, three conditions must be fulfilled:

- i. the goods must originate in a beneficiary country in accordance with the UK GSP Rules of Origin
- ii. during transportation from a beneficiary country to the UK, the goods must not be altered, transformed or subjected to operations other than operations performed in order to preserve them in good condition; and
- iii. a valid proof of origin must be submitted (certificate of origin Form A, issued by the competent authorities in the beneficiary country, or invoice declaration, or as of 1 January 2017, a “*statement on origin*” on a commercial document).

There are no general rules of origin and the UK GSP uses the product specific rules or PSRs. These rules determine the origin of the product which is eligible for customs duty preferences for exports to the UK under the GSP Scheme. The agencies certifying the origin of a product under the UK GSP have to ensure that the exporter from the beneficiary exporter complies with these rules for exports under the UK GSP. These rules vary for different products and include criteria such as wholly obtained, change in tariff classification (CTC), value addition, technical processes etc.

The rules also list out the criteria for Wholly Obtained (WO) products. If any of these criteria are met, then one does not have to apply the product specific rules or PSRs. A WO product is assumed to have originated from the beneficiary country without any processing or inputs having been carried out or used from an another country. The key elements of the WO criteria under the UK GSP are:

- a) Mineral products extracted from the soil or seabed;
- b) plants and vegetable products grown or harvested there;
- c) live animals born and raised there;
- d) products from live animals raised there;
- e) products from slaughtered animals born and raised there;
- f) products obtained by hunting or fishing conducted there;
- g) products of aquaculture where the fish, crustaceans and molluscs are born and raised there;
- h) products of sea fishing and other products taken from the sea outside any territorial sea by its vessels;
- i) products made on board its factory ships exclusively from the products referred to in point;
- j) used articles collected there fit only for the recovery of raw materials
- k) waste and scrap resulting from manufacturing operations conducted there;
- l) products extracted from the seabed or below the seabed which is situated outside any territorial sea but where it has exclusive exploitation rights;
- m) goods produced there exclusively from products specified in points (a) to (l)

Moreover, there are a set of minimal operations or insufficient processing stipulated under the UK GSP which by themselves would not confer the originating criteria despite the PSR having been fulfilled. Therefore, it is important that operations beyond this minimal list be carried out in India for these products to be eligible for GSP preferences. Some of these minimal operations or insufficient processing are:

- a) preserving operations to ensure that the products remain in good condition during transport and storage;
- b) breaking-up and assembly of packages;
- c) washing, cleaning; removal of dust, oxide, oil, paint or other coverings;
- d) ironing or pressing of textiles and textile articles;

- e) simple painting and polishing operations;
- f) husking and partial or total milling of rice; polishing and glazing of cereals and rice;
- g) operations to colour or flavour sugar or form sugar lumps; partial or total milling of crystal sugar;
- h) peeling, stoning and shelling, of fruits, nuts and vegetables
- i) sharpening, simple grinding or simple cutting;
- j) sifting, screening, sorting, classifying, grading, matching (including the making-up of sets of articles);
- k) simple placing in bottles, cans, flasks, bags, cases, boxes, fixing on cards or boards and all other simple packaging operations;
- l) affixing or printing marks, labels, logos and other like distinguishing signs on products or their packaging;
- m) simple mixing of products, whether or not of different kinds; mixing of sugar with any material;
- n) simple addition of water or dilution or dehydration or denaturation of products

Sets

The concept of sets is applicable to product sold as a set. In such cases, the product having both originating and non-originating products in set would be considered as originating provided the non-originating products value is <15% of the ex-works price of the total set.

UK GSP

With BREXIT, UK has commenced its GSP scheme from 1.1.2021. In the guidance provided by UK on its website, they have provided both the option of using the Form A which does not need to be signed by any authorized agency of the Government of India, as was the case earlier. However, an authorized representative of the exporting unit has to sign it. The second option is the self-certification of the invoice, packing list or consignment note.

NOTES (2013)

I. Countries which accept Form A for the purposes of the Generalized System of Preferences (GSP):

Australia*	Japan	Switzerland including Liechtenstein***
Belarus	New Zealand**	Turkey
Canada	Norway	United States of America****
Iceland	Russian Federation	United Kingdom

Full details of the conditions covering admission to the GSP in these countries are obtainable from the designated authorities in the exporting preference-receiving countries or from the customs authorities of the preference-giving countries listed above. An information note is also obtainable from the UNCTAD secretariat.

II. General conditions

To qualify for preference, products must:

- (a) fall within a description of products eligible for preference in the country of destination. The description entered on the form must be sufficiently detailed to enable the products to be identified by the customs officer examining them;
- (b) comply with the rules of origin of the country of destination. Each article in a consignment must qualify separately in its own right; and,
- (c) comply with the consignment conditions specified by the country of destination. In general, products must be consigned direct from the country of exportation to the country of destination but most preference-giving countries accept passage through intermediate countries subject to certain conditions. (For Australia, direct consignment is not necessary).

III. Entries to be made in Box 8

Preference products must either be wholly obtained in accordance with the rules of the country of destination or sufficiently worked or processed to fulfil the requirements of that country's origin rules.

- (a) Products wholly obtained: for export to all countries listed in Section I, enter the letter "P" in Box 8 (for Australia and New Zealand Box 8 may be left blank).
- (b) Products sufficiently worked or processed: for export to the countries specified below, the entry in Box 8 should be as follows:
 - (1) United States of America: for single country shipments, enter the letter "Y" in Box 8, for shipments from recognized associations of counties, enter the letter "Z", followed by the sum of the cost or value of the domestic materials and the direct cost of processing, expressed as a percentage of the ex-factory price of the exported products; (example "Y" 35% or "Z" 35%).
 - (2) Canada: for products which meet origin criteria from working or processing in more than one eligible least developed country, enter letter "G" in Box 8; otherwise "F".
 - (3) Iceland, the European Union, Japan, Norway, Switzerland including Liechtenstein, and Turkey; enter the letter "W" in Box 8 followed by the Harmonized Commodity Description and coding system (Harmonized System) heading at the 4-digit level of the exported product (example "W" 96.18).
 - (4) Russian Federation: for products which include value added in the exporting preference-receiving country, enter the letter "Y" in Box 8 followed by the value of imported materials and components expressed as a percentage of the fob price of the exported products (example "Y" 45%); for products obtained in a preference-receiving country and worked or processed in one or more other such countries, enter "Pk".
 - (5) Australia and New Zealand: completion of Box 8 is not required. It is sufficient that a declaration be properly made in Box 12.

* For Australia, the main requirement is the exporter's declaration on the normal commercial invoice. Form A, accompanied by the normal commercial invoice, is an acceptable alternative, but official certification is not required.

** Official certification is not required.

*** The Principality of Liechtenstein forms, pursuant to the Treaty of 29 March 1923, a customs union with Switzerland.

**** The United States does not require GSP Form A. A declaration setting forth all pertinent detailed information concerning the production or manufacture of the merchandise is considered sufficient only if requested by the district collector of Customs.

Filling up of Form A for UK GSP

In the case of Form-A, the exporter would need to ensure that the format has to be as per **Annexure 2**. Some of the columns in this format and the details to be filled up are the following:

Box 1: Full name and business address of the exporter.

Box 2: Name and address of consignee.

Box 3: Transport details based on available information

Box 4: Enter term “*Issued Retrospectively*” if Form A made out after goods shipped

Box 5: Show different type of goods separately and itemize.

Box 6: Marks/ Number including consignee address.

Box 7: Number and kind of packages as per invoice, reasonably full commercial description of goods, “*In Bulk*” for goods packed in bulk.

Box 8: Origin criterion i.e. P for wholly obtained and W following by first four HS codes of final product for those not wholly obtained. (just like the EU GSP)

Box 9: Gross weight or other quantity in metric units (for example kilograms, litres etc).

Box 10: Number and date of invoice

Box 11: May be left blank.

Box 12: Declaration by the exporter, name of India and exporting country and name of UK as importing country