
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations are made as a consequence of the withdrawal of the United Kingdom from the European Union. They establish a trade preference scheme for developing countries, known as the Generalised Scheme of Preferences (“GSP”). The GSP offers a lower rate of import duty (including a nil rate) (“GSP rate”), on certain goods originating from eligible developing countries, than applies in a standard case under the Customs Tariff (Establishment) (EU Exit) Regulations 2020 (S.I. 2020/1430).

Regulation 3 sets out the key elements of the scheme, being frameworks, each covering different countries and goods; and providing for rules to calculate preferential rates of import duty. Regulation 4 establishes the GSP qualification rules. Regulation 5 allows a preferential GSP rate to be applied, provided the GSP qualification rules are satisfied on the declaration acceptance date.

Regulations 6-8 establish the three frameworks under the scheme. The countries to which the least developed countries framework (“LDCF”) applies are the same as those classified as least developed countries in Part 2 of Schedule 3 of the Taxation (Cross-border Trade) Act 2018(1) (“the Act”). The countries to which the general framework (“GF”) or the enhanced framework (“EF”) apply are listed in Schedule 1.

Regulation 9 provides for suspension of countries from the GSP in certain circumstances where a trade arrangement has been implemented under section 9 of the Act. A GSP country suspended under regulation 10 ceases to be a qualifying GSP country and for practical purposes the rest of these Regulations do not apply to it.

Regulation 10 specifies the goods that are covered by the framework arrangements (“GSP goods”). In the case of the LDCF, all goods except arms and ammunition are covered. The goods covered by the other two frameworks are listed in a “GSP Specified Goods Table” in Part 2 of Schedule 5. Goods covered by either the GF or EF are listed in the GSP Specified Goods Table and specified as “GF goods” or “EF goods” by regulation 10(3) and 10(4) respectively.

Regulations 11-14 set out the rules for calculation of the GSP rates under the frameworks. The codes for calculation of the GSP preferential rate of import duty applicable to GF or EF goods are listed in the GSP Specified Goods Table and given effect by regulations 13 and 14.

Regulations 15 to 19 are additional provisions covering the EF. That framework grants enhanced preferential rates for countries that meet an economic vulnerability test and satisfy other criteria relating to the conventions listed in Schedule 2. The Secretary of State may suspend a country from the EF under regulation 18 or 19, by publishing a suspension notice, where it has been determined the regulation 15 criteria are no longer satisfied. Provided that suspended country is still an eligible developing country and the Secretary of State does not consider it appropriate to suspend the country from the GSP, for reasons given in regulation 21(2), the GF will apply instead.

Regulation 20 provides that customs cooperation and proof of origin conditions may be imposed on qualifying GSP countries, to be specified in a published notice.

Regulation 21 provides for the grounds on which the Secretary of State may publish a notice to suspend a country from the GSP or suspend or vary GSP rates on goods originating from a qualifying GSP country. Regulation 21(3) requires a warning and assessment procedure to be followed beforehand, as specified in regulation 26.

(1) 2018 c. 22.

Status: This is the original version (as it was originally made).

Regulations 22-24 set out other grounds on which the GSP rate on specified GSP goods may be suspended (or in the case of safeguard measures, varied) by published notice. Goods graduation, as outlined in regulation 22 and Schedule 3 means that the GSP rate is suspended on specified goods from specified GF countries when the value of imports into the British Islands exceeds certain thresholds when compared to the value of such imports overall. For the purposes of goods graduation, the GSP section divisions in the GSP Specified Goods Table are used to measure the value of imports from all GSP countries, even though that Table is used primarily for GF and EF purposes.

A trade preference safeguard measure under regulation 23 and Schedule 4 may temporarily suspend or vary GSP rates on certain goods originating from some or all GSP countries, where GSP imports threaten to cause serious difficulties to United Kingdom producers of like goods or directly competing goods.

Regulation 24 deals with “additional import duties” imposed on certain goods from certain countries, in the form of a trade remedy. In such a case, the GSP rate is suspended on those goods.

Regulation 25 makes general provision about notices. Regulation 26 provides for a warning and assessment procedure. That procedure refers to a warning notice (regulation 27) and assessment notice (regulation 28). The warning and assessment procedure is mandatory for suspensions under regulations 19 and 21 (except where regulation 21(4) applies); and for the application of a trade preference safeguard measure, in non-urgent cases, under regulation 23 and Schedule 4.

Regulation 30 makes amendments to the list of eligible developing countries in Schedule 3 to the Act⁽²⁾.

This instrument is one of a group of instruments covered by an overarching Tax Information and Impact Note. The TIIN primarily focusses on the Customs Tariff (Establishment) (EU Exit) Regulations 2020 and will be available in due course at: <https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins>.

The Explanatory Memorandum is being published alongside that Tax Information and Impact Note on the same website. There is no significant impact on business, charities or voluntary bodies as this instrument broadly replicates existing European Union legislation.

(2) 2018 c. 22.