

GENERALIZED SYSTEM OF PREFERENCES (GSP)

The Generalized System of Preferences (GSP), is a preferential trade scheme, implemented by various developed countries, through which certain quantities of products from underdeveloped countries may enjoy a partial or total reductions of custom duties.

The term "preferential" is used because these countries gain an advantage over products which come from other industrialized countries.

"Generalized" because it is granted to all countries currently undergoing a development process, to a great extent with the help of the developed countries.

It is important to note that the preferential agreements, are not reciprocal, in other words, the beneficiary countries are not obligated to concede equivalent reductions from their own custom duties.

The GSP is currently made up of 16 preferential schemes, applied by 27 countries; each scheme is independent, although many of the elements are the same.

Presently, all of the countries under development included in the group of 77 are recognized as the beneficiaries in most of the schemes.

In total there are approximately 138 countries which benefit from the Generalized System of Preferences..

The preferential schemes in general terms are applied to the categories enumerated from 25 to 99 of the Harmonized System of codification and designation of merchandise, the major exceptions being textile products, leather and petroleum derivatives. In the case of agricultural products, only certain products are included, and those which are included vary according to the different schemes.

With respect to custom duties , all of the importations which qualify under the GSP will be exempt from custom duties. In the case of some agricultural products, tariff reductions will be applied.

A product qualify under the GSP when:

- The product is included on the GSP list of the country granting the preference.
- The product comes from a beneficiary country.
- Comply with the rules of origin of the granting country.
- Comply with the requirement of direct transport.
- Present a Certificate of Origin.

The rules of origin of merchandises were instated in order to justify the rights of the beneficiaries under the GSP. In effect, the benefits of the System, are reserved for merchandise produced in developing countries.

There are two types of rules of origin which define native products: those designated as products "totally obtained" and those which have been "sufficiently transformed".

In order to enjoy preferential treatment under the GSP, the exporter should ship its products directly from the exporting country to the importing country. The merchandise may, however, be transported through a third country for geographic reasons (for example when a beneficiary country does not have access to a coast

line) or because of other transportation difficulties, as long as the merchandise remains there under customs control, and only minor modifications are made such as: packaging, unpackaging, change of container, marking, labeling, and those operations which help preserve the merchandise.

All of the countries which grant GSP require the presentation of only one document, the Certificate of Origin, or form "A" which serves to verify the country of origin of the merchandise.

In our country, the Certificate of Origin or Form "A", may be obtained at the Dominican Center for the Promotion of Exports.

The exporter should complete and duly sign Form "A", the Certificate of Origin. Once the form has been completed, it should be taken to CEDOPEX accompanied by the bill of landing, corresponding to the products being exported under the protection of the GSP.

This Center will sign and affix the appropriate seal in box #11.

The National Free Zone Council, serves the Dominican exporter by making information available on the regulations, conditions and necessary requirements for utilizing an benefitting from the preferential system.