BUSINESSEUROPE

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CUSTOMS – REVISED PROPOSAL ON GSP / RULES OF ORIGIN

BUSINESSEUROPE generally supports the revised version of the draft Commission regulation on the reform of GSP rules of origin published in November 2008. This new version takes account of several major concerns expressed by business on the previous version. BUSINESSEUROPE in particular welcomes that the rules for determining whether goods have been sufficiently worked or processed are adapted to each sector, instead of the single method based on value added.

Below are some specific comments which focus on the general provisions of the draft regulation, and not on specific sectoral proposals.

Proof of origin: Cancellation of Form A and creation of list of registered exporters

BUSINESSEUROPE opposes a shift of all responsibility on to companies for incorrect declarations of origin. The combination of complex requirements and higher risk will cause companies which behave responsibly not to use the tariff preferences. This would be at the expense of the GSP countries and cannot be in the Commission's interest.

The cancellation of Form A as proposed by the European Commission must not lead to an increase of legal uncertainty or higher costs for importers. As it is not clear if beneficiary countries will be able to establish a functioning system of registered exporters by 2013 it will be necessary to keep the Form A also during the transition period.

Moreover, the proposed concept of registered exporter must not lead to an unjustifiable increase of responsibilities and risk for the importer, but must give them the possibility to act in "good faith" as recognised by the Court of Justice of the European Communities. If introduced, the proposed public list of registered exporters must give legal certainty to the importer, which must be certain that it has complied with its obligations by consulting the list. This list would have to contain the following information: country, name of the company and HS code or name of products covered under the GSP, whereby the scale of products could also be provided by a list of exemptions. It should include in addition information about when the company was last audited. Moreover, in order to enable easy handling of order and import processes, the list should be made available on a website and in an IT processable format.

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Cumulation

The current proposal only contains a limited number of economic regions that are part of cumulation. BUSINESSEUROPE calls for extension of this list and calls for inclusion in particular of Mercosur. Moreover, the application of the cumulation principle also requires strict control. The proposed rules must also take into account existing arrangements with Switzerland, Norway and Turkey.

Direct transportation

BUSINESSEUROPE welcomes the deletion of the direct transportation requirement. However, the proposed change is too difficult to be implemented in practice. BUSINESSEUROPE fears that the national administration will demand a proof of 'non-manipulation' when the transport documents show a non-direct transportation. It is crucial that any new direct transportation rules provide legal certainty for economic operators. In the long term, these rules should be deleted.

Relations between FTAs and GSP

The reform of the GSP rules of origin is to act as a pilot project for the reform of the rules of origin in bilateral and regional agreements. The question of rules of origin has become a major political issue today and is often a controversial subject in bilateral trade negotiations the EU is leading. It is important to take into account the impact new GSP rules of origin have on existing and future free-trade agreements. BUSINESSEUROPE calls for a harmonised approach as introducing a different set of rules in each FTA would be very difficult to implement for companies, in particular SMEs. In the end it would run counter to the initial objective of the reform which is to make it easier to benefit from GSP and FTA rules.

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