

# Global System of Trade Preferences

## Brief note on the Agreement on Global System of Trade Preferences among developing countries (GSTP)

### I. Introduction

1. The Agreement on Global System of Trade Preferences among developing countries (GSTP) was negotiated in the year 1988 by 48 developing countries that were member of Group of 77.
2. The declared objectives of the GSTP are:
  - a. To promote and sustain mutual trade, and
  - b. To develop economic co-operation among developing countries (members of Group of 77).

### II. Rules of Origin

- 1) The objective of these rules is to determine the origin of products eligible for preferential concessions under GSTP. Products, which have achieved the status 'originating in India', are eligible for preferential tariff treatment upon imports into participant countries.
- 2) Following products are considered as originating in India, if they are consigned directly to a participant country.
  - a) Products that are wholly obtained in India, as defined at 4 below.
  - b) Products obtained in India in the manufacture of which, in addition to the materials referred to at 4 below and materials originating in participant countries, materials imported from non – participant countries and / or materials of undetermined origin are also used, provided the value of materials imported from non – participant countries and / or materials of undetermined origin does not exceed 50% of the f.o.b. value of the product, subject to condition detailed at 5 below.
- 3) For the purpose of 2 (b), value of non-originating materials means the c.i.f. value at the time of importation of such materials or, if this is not known and cannot be ascertained and proved, the first ascertainable price paid for the materials in India.
- 4) Within the meaning of 2 (a) above, the following are considered as wholly obtained in India.

- a) raw or mineral products<sup>1</sup> extracted from its soil, its water or its seabed;
  - b) agricultural products<sup>2</sup> harvested there;
  - c) animals born and raised there;
  - d) products obtained from animals referred to in clause (c) above;
  - e) products obtained by hunting or fishing conducted there;
  - f) products of sea fishing and other marine products taken from the high seas by its vessels<sup>3,4</sup>;
  - g) products processed and/or made on board its factory ships<sup>4,5</sup> exclusively from products referred to in clause (f) above;
  - h) used articles collected there, fit only for the recovery of raw materials;
  - i) waste and scrap resulting from manufacturing operations conducted there;
  - j) goods produced there exclusively from the products referred to in clauses (a) to (i) above.
- 5 Products which comply with origin requirements provided for at 2 above and which are used by a participant as input for a finished product eligible for preferential treatment by another participant shall be considered as a product originating in the territory of the participant where working or processing of the finished product has taken place provided that the aggregate content originating in the territory of the participant is not less than 60 per cent of its f.o.b. value<sup>6</sup>.
- 6 The following are considered to be directly consigned from India to the importing country.
- a. If the products are transported without passing through the territory of any non – participant country.
  - b. The products whose transport involves transit through one or more non – participant countries with or without transshipment or temporary storage in such countries; provided that
    - (i) the transit entry is justified for geographical reason or by considerations related exclusively to transport requirements;
    - (ii) the products have not entered into trade or consumption there; and
    - (iii) The products have not undergone any operation there other than unloading and reloading or any operation required to keep them in good condition.

7 When determining the origin of the products, packing forms a whole with the product it contains.

## V. Participant Countries Under GSTP

GSTP is presently extended by 43 preference-giving countries.

Algeria	Mexico
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Angola	Morocco
Argentina	Mozambique
Bangladesh	Nicaragua
Benin	Nigeria
Bolivia	Pakistan
Brazil	Peru
Cameroon	Philippines
Chile	Qatar
Colombia	Republic of Korea
Cuba	Romania
Democratic People's Republic of Korea	Singapore
Ecuador	Sri Lanka
Egypt	Sudan
Ghana	Thailand
Guinea	Trinidad and Tobago
Guyana	Tunisia
Haiti	United Republic of Tanzania
India	Uruguay
Indonesia	Venezuela
Iran (Islamic Republic of)	Viet Nam
Iraq	Yugoslavia
Libyan Arab Jamahiriya	Zaire
Malaysia	Zimbabwe

#### **VI. Agencies Authorised to Issue Certificates of Origin**

Presently following organisations have been authorised to issue certificate of origin under GSTP.

<b>Sl.</b>	<b>Organization</b>	<b>Commodity</b>
	Export Inspection Council through their field offices known as Export Inspection Agencies with offices all over India.	All Products
	Tobacco Board, Guntur	Tobacco & Tobacco products

#### **VII. Fee Structure & Mode of Payment**

Sale price of blank form : Rs. 25/- per set / form.

Certification Fee : Rs. 350/- per set / form (without physical verification).

- Payment of price of blank forms, certification fee and physical verification can be made either through a Deposit Account opened with the Agency Office or through a Bankers Cheque / Demand Draft drawn in favour of the Agency and valid for at least 3 months on the date.
- A **Deposit Account** can be opened by an exporter with the Agency / Sub Office concerned by paying initial sum of Rs. 1,000/- and remitting further amounts periodically, in multiples of Rs. 500/-, depending up on the quantum of certificates being sought. The payment of initial sum for opening of deposit account as well as remittance of further amounts is to be done through local cheques / bank drafts drawn in favour of Export Inspection Agency concerned, and valid for at least three months on the date. For operating the deposit account, a passbook will be issued by the concerned agency / sub-office.

**Notes:**

<sup>1</sup> Includes mineral fuels, lubricants and related materials as well as mineral or metal ores

<sup>2</sup> Includes forestry products

<sup>3</sup> "Vessels" shall refer to fishing vessels engaged in commercial fishing, registered in India and operated by Indian citizen(s) or Government or partnership, corporation or association, duly registered in India, at least 60 per cent of equity of which is owned by a citizen or citizens and / or Government of India or 75% by citizens or Governments of the participants. However, the products taken from vessels, engaged in commercial fishing under Bilateral Agreements, which provide for chartering/leasing of such vessels and/or sharing of catch between participants will also be eligible for preferential concessions.

<sup>4</sup> In respect of vessels or factory ships operated by Government agencies, the requirement of flying the flag of a particular participant does not apply.

<sup>5</sup> For the purpose of GSTP, the term "factory ship" means any vessel, as defined, used for processing and / or making on board products exclusively from those products referred to in clause 4 (f).

<sup>6</sup> "Partial" cumulation as implied at 5 above means that only products, which have acquired originating status in the territory of one participant, may be taken into account when used as inputs for a finished product eligible for preferential treatment in the territory of another participant.

**Chapter-I**  
**Introduction**

**Article-1**

► **Definitions For the purpose of this Agreement :**

- e. "Serious injury" means significant damage to domestic producers, of like or similar products resulting from a substantial increase of preferential imports insinuations which cause substantial losses in terms of earnings, production or employment unsustainable in the short term. The examination of the impact on the domestic industry concerned shall also include an evaluation of other relevant economic factors and indices having a bearing

on the state of the domestic industry of that product.

- f. "Threat of serious injury" means a situation in which a substantial increase of preferential imports is of a nature to cause "serious injury" to domestic producers, and that such injury, although not yet existing, is clearly imminent. A determination of threat of serious injury shall be based on facts and not on mere allegation, conjecture, or remote or hypothetical possibility.
- g. "Critical circumstances" means the emergence of an exceptional situation where massive preferential are causing or threatening to cause "serious injury" difficult to repair and which calls for immediate action"
- h. "Sectoral agreements" means agreements amongst participants regarding the removal of reduction of tariff, non-tariff and Para-tariff barriers as well as other trade promotion or co-operative measures for specified products or groups of products closely related in end use or in production.
- i. "Direct trade measures" means measures conducive to promoting mutual trade of participants such as long-and-medium term contracts containing import and supply commitments in respect of specific products, buy-back arrangements, state trading operations, and government and public procurement.
- j. "Tariffs" means custom duties stipulated in the national tariff schedules of the participants.
- k. "Non-tariffs" means any measure, regulation, or practice, other than "tariffs" and "para-tariffs", the effect of which is to restrict imports, or to significantly distort trade.
- l. "Para-tariffs" means border charges and fees, other than "Tariffs", on foreign trade transactions of a tariff-like effect which are levied solely on imports, but not those indirect taxes and charges, which are levied in the same manner unlike domestic products. Import charges corresponding to specific services rendered are not considered as Para-tariff measures.

**Chapter-II**  
**Global System of Trade Preferences**  
**Article-2**  
**Establishment and Aims of the GSTP**

By the present Agreement, the participants establish the GSTP to promote and sustain mutual trade, and the development of economic co-operation among developing countries, through exchange of concessions in accordance with this Agreement.

**Article-3**  
**Principals**

▶ **The GSTP shall be established in accordance with the following principles:**

- a. The GSTP shall be reserved for the exclusive participation of developing countries members of the Group of 77;
- b. The benefits of the GSTP shall accrue to the developing countries members of the Group of 77 who are participants in accordance with article 1(a);
- c. The GSTP shall be based and applied on the principle of mutuality of advantages in such a way as to benefit equitably all participants, taking into account their respective levels of economic and industrial development, the pattern of their external trade and their trade policies and systems ;
- d. The GSTP shall be negotiated step by step, improved and extended in successive stages.

- with periodic reviews;
- e. The GSTP shall not replace, but supplement and reinforce, present and future sub regional, regional and inter-regional economic groupings of developing countries of the Group of 77, and shall take into account the concerns and commitments of such economic grouping;
  - f. The special needs of the least developed countries shall be clearly recognized and concrete preferential measures in favor of these countries should be agreed upon; the least developed countries will not be required to make concessions on a reciprocal basis;
  - g. The GSTP shall include all products, manufactures and commodities in their raw, semi-processed and processed forms;
  - h. Inter-governmental sub regional, regional and inter-regional groupings for economic co-operation among developing countries members of the Group of 77 may participate, fully as such, if and when they consider it desirable, in any or all phases of the work on the GSTP.
  - i. "Non-tariffs" means any measure, regulation, or practice, other than "tariffs" and "para-tariffs", the effect of which is to restrict imports, or to significantly distort trade.

## ► **Preamble**

The State Parties to this Agreement.

Recognizing that economic co-operation among developing countries is a key element in the strategy of collective self-reliance and an essential instrument to promote structural changes contributing to a balanced and equitable process of global economic development and the establishment of the New International Economic Order; Recognizing also that a Global System of Trade Preference (hereinafter referred to as "GSTP") would constitute a major instrument for the promotion of trade among developing countries members of the Group of 77, and the increase of production and employment in these countries.

Bearing in the mind the Arusha Programme of Collective Self-Reliance, the Caracas Programme of Action and the Declarations on GSTP adopted by the Ministers of Foreign Affairs of the Group of 77 in New York in 1982, and Ministerial meetings on GSTP in New Delhi in 1985, in Brasilia in 1986 and the Belgrade in 1988; Believing that the Establishment of the GSTP should be accorded high priority as a major instrument of South-South co-operation, for the promotion of collective self-reliance as well as for the strengthening of world trade as a whole ; HAVE AGREED as follows :

### **Chapter-I** **Introduction** **Article-1**

## ► **Definitions For the purpose of this Agreement :**

- a. "Participant" means :
  - i. Any number of the Group of 77 listed in Annex I which has exchanged concessions and has become party to this Agreement in accordance with its articles 25, 27 or 28.
  - ii. Any sub-regional/regional/inter-regional grouping of developing countries members of the Group of 77 listed in Annex I which has exchanged concessions and has become party to this Agreement in accordance with its articles 25, 27 or

- b. "Least developed country" means a country designated as such by the United Nations;
- c. "State" or "Country" means any state or country member of the Group of 77.
- d. "Domestic produces" means physical or juridical persons established in the territory of a participant which are engaged in production of commodities and manufactures, including industrial, agricultural, extractive or mining products, in their raw, semi-processed or processed forms in that territory. Furthermore, for the purpose of determining "serious injury" or "threat of serious injury", the term "domestic producers" in this Agreement shall mean domestic producers as a whole of like or similar products, or those of them whose collective output of the products constitutes a major proportion of the total domestic production of those products.

**Chapter-II**  
**Global System of Trade Preferences**  
**Article-4**  
**Components of the GSTP**

▶ **The GSTP may inter alia consist of the following components :**

- a. arrangements relating to tariffs;
- b. arrangements relating to para-tariffs;
- c. arrangements relating to non-tariff measures;
- d. arrangements relating to direct trade measures including medium and long-term contracts;
- e. arrangements relating to sectoral agreements.

**Article-5**  
**Schedules of concessions**

The tariff, Para-tariff and non-tariff concessions negotiated and exchanged among participants shall be embodied in schedules of concessions which shall be annexed to and form an integral part of this Agreement.

**Chapter-III**  
**Negotiations**  
**Article-6**  
**Negotiations**

1. The participants may hold from time to time rounds of bilateral / plurilateral / multilateral negotiations with a view to the further expansion of the GSTP and the fuller attainment of its aims.
2. The participants may conduct their negotiations in accordance with any or a combination of the following approaches and procedures :
  - a. Product-by-product negotiations;
  - b. Across-the-board tariff reductions;
  - c. Sectoral negotiations;
  - d. Direct trade measures, including medium and long term contracts.

**Chapter-IV**  
**Committee of Participants**  
**Article-7**  
**Establishment and functions**

1. A Committee of participants (hereinafter referred to as the "Committee") shall be established, upon entry into force of this Agreement, consisting of the representatives of the Governments of the participants. The Committee shall perform such functions as may be necessary to facilitate the operation and further the objectives of this Agreement. The Committee shall be responsible for reviewing the application of this Agreement and the instruments adopted within its framework, monitoring the implementation of the results of the negotiations, carrying out consultations, making recommendations and taking decisions as required, and, in general, undertaking whatever measures may be required to ensure the adequate implementation of the objectives and the provisions of this Agreement.
  - a) The Committee shall keep under review the possibility of promoting further negotiations for the enlargement of the schedules of concessions and for the enhancement of trade among participants through other measures and may at any time sponsor such negotiations. The committee shall also ensure prompt and complete dissemination of trade information in order to promote trade among participants;
  - b) The Committee shall review disputes and make recommendations thereon in accordance with article 21 of this Agreement;
  - c) The Committee may establish such subsidiary organs as may be necessary to the effective discharge of its functions;
  - d) The Committee may adopt appropriate regulations and rules as may be necessary to the implementation of this Agreement.
2.
  - a) The Committee shall endeavor to ensure that all its decisions are taken by consensus;
  - b) Notwithstanding any measures that may be taken in compliance with paragraph 2(a) of this article, a proposal of motion before the Committee shall be voted on if a representative so requests;
  - c) Decisions shall be taken by two-thirds majority on matters of substance and a simple majority on matters of procedure.
3. The Committee shall adopt its rules of procedure.
4. The Committee shall adopt financial rules and regulations.
  - a) Inter-governmental sub regional, regional and inter-regional groupings for economic co-operation among developing countries members of the Group of 77 may participate, fully as such, if and when they consider it desirable, in any or all phases of the work on the GSTP.

**Chapter-IV**  
**Committee of Participants**  
**Article-8**  
**Co-operation with international organizations**

The Committee shall make whatever arrangements are appropriate for consultation or co-operation with the United Nations and its organs, in particular United Nations Conference on Trade and Development (UNCTD) and the specialized agencies of the United Nations, as well as inter-governmental, sub regional, regional and inter-regional groupings for economic co-operation among developing countries members of the Group



**Chapter-V**  
**Ground Rules**  
**Article-9**  
**Extension of negotiated concessions**

1. Except as provided for in paragraphs 2 and 3 of this article, all tariff, para-tariff and non-tariff concessions, negotiated and exchanged among participants in the bilateral / plurilateral negotiations shall, when implemented, be extended to all participants in the GSTP negotiations on a most-favoured-nation (MFN) basis.
2. Subject to Rules and Guidelines prescribed in this regard, participants parties to direct trade measures, sectoral agreements or agreements on non-tariff concessions may decide not to extend the concessions linked to such agreements to other participants. Such non-extension shall not have a detrimental impact on the trade interests of other participants, and when it has such an effect, the matter shall be submitted to the Committee for consideration and decision. Such agreements shall be open to all participants in the GSTP through direct negotiations. The Committee shall be informed of the initiation of negotiations on such agreements as well as on their provisions once concluded.
3. Notwithstanding the provisions of paragraphs 1 and 2 of this article, participants may grant tariff, non-tariff and Para-tariff concessions applicable exclusively to exports originating from participating least developed countries. Such concessions, when implemented, shall apply in equal measures to all participating least developed countries. If after granting of any exclusive right it proves detrimental to the legitimate trading interest of other participants, the matter may be brought to the Committee for a review of such arrangements.

**Chapter-V**  
**Ground Rules**  
**Article-10**  
**Maintenance of the value of concessions**

Subject to terms, conditions or qualifications that might be set out in the schedules containing the concessions granted, a participant shall not impair or nullify these concessions, after the entry into force of this Agreement, through the application of any charge or measure restricting commerce other than those existing prior thereto, except where such charge corresponds to an internal tax imposed on a like domestic product, an anti-dumping or countervailing duty, or fees commensurate with the cost of services rendered, and except any measures authorized under articles 13 & 14.

**Article-11**  
**Modification and withdrawal of concessions**

1. Any participant may, after a period of 3 years from the day the concession was extended, notify the Committee of its intention to modify or withdraw any concession included in its appropriate schedule.
2. The participant intending to withdraw or modify a concession shall enter into consultation and/or negotiations, with a view to reaching agreement on any necessary and appropriate compensation, with participants with which such concession was initially negotiated and with any other participants that have a principal or substantial supplying interest as may be determined by the

Committee.

3. Should no agreement be reached between the participants concerned within six months of the receipt of notification and should the notifying participant proceed with its modification or withdrawal of such concessions, the affected participants as determined by the Committee may withdraw or modify equivalent concessions in their appropriate schedules. Any such modification or withdrawal should be notified to the Committee.

**Article-12**  
**Withholding or withdrawal of concessions**

A participant shall at any time be free to withhold or to withdraw in whole or in part any item in its schedule or concessions in respect of which it determines that it was initially negotiated with a state which has not become, or has ceased to be, a participant in this Agreement. A participant taking such action shall notify the Committee and, upon request, consult with participants that have a substantial interest in the product concerned.

**Chapter-V**  
**Ground Rules**  
**Article-13**  
**Safeguard Measures**

A participant shall be able to take safeguard measures to ward off serious injury or threats of serious injury to domestic producers of like or similar products, which may arise as a direct consequence of unforeseen substantial rise of imports enjoying preferences under the GSTP.

1. Safeguard measures shall be in accordance with the following rules :
  - a) Safeguard measures should be consistent with the aims and objectives of the GSTP. These measures should be applied in a non-discriminatory fashion among the participants in the GSTP.
  - b) Safeguard measures should in effect only to the extent and for such time as be necessary to prevent or remedy such injury.
  - c) As a general rule and except in critical circumstances, all safeguard measures shall be taken after consultation between interested participants. Participants intending to take such safeguard measures will be required to demonstrate to the satisfaction of the concerned parties within the Committee the serious injury or threat thereof justifying such measures.
2. Safeguard action to ward off serious injury or a threat of injury should be in accordance with the following procedures :
  - a) Notification : Any participant intending to take safeguard measures should notify the Committee of its intention, and the Committee shall circulate this notification to all participants. Upon receipt of such notification, interested participants intending to enter into consultations with the initiating participants shall so notify the Committee within 30 days. In critical circumstances when delay could cause damage which would be difficult to repair, action may taken provisionally without prior consultations, on the

condition that consultations shall be effected immediately after taking such action;

b) Consultation :Interested participants should enter into consultations for the purpose of reaching an agreement as to the nature of the safeguard measures to be taken, or already taken, and its duration, and as to compensation or the renegotiation of concessions. These consultations should be concluded within three months of receipt of the original notification. Should these consultations not lead to an agreement satisfactory to all parties within the time period specified above, the matter should be referred to the committee for resolution of the issue. Should the Committee fail to resolve the issue within four weeks of the date of its having been referred to it, the parties by the safeguard action have the right to withdraw equivalent concessions or other obligations under GSTP of which the Committee does not disapprove of.

#### **Article-14** **Balance of payments measures**

If a participant faces serious economic problems ducting the implementation of the GSTP, such participant shall be able to take measures to meet serious balance-of-payments difficulties.

1. Any participant, which finds it necessary to institute or intensify quantitative restrictions or other measures limiting imports concerning products or areas where concessions have been offered with a view to forestalling the threat of or stopping decline in its monetary reserves, shall endeavor to do so in order to prevent or remedy such difficulties. In a manner which preserves, as much as possible, the value of negotiated concessions.
2. Such action shall be notified immediately to the Committee which shall circulate such notification to all participants.
3. Any participant which takes action according to paragraph 1 of this article shall afford, upon request from any other participant, adequate opportunity for consultations with a view to preserving the stability of the concessions negotiated under the GSTP. If no satisfactory adjustment is effected between the participants concerned within three months of such notification, the matter may be referred to the Committee for a review.

#### **Chapter-V** **Ground Rules** **Article-15** **Rules of Origin**

Products contained in the schedules of concessions annexed to this Agreement shall be eligible for preferential treatment if they satisfy the Rules of Origin, which shall be annexed to and form an integral part of this Agreement.

#### **Article-16** **Procedures relating to the negotiations of long-term and medium term contracts among interested participants in the GSTP**

1. Within the framework of this Agreement, long-term and medium-term contracts involving import and export commitments in respect to specific commodities or products may be entered into among participants.
2. To facilitate the negotiation and conclusion of such contracts:
  - a) exporting participants should indicate the commodities or products for which they may be prepared to undertake supply commitments together with an indication of the quantities that may be involved;
  - b) Importing participants should indicate the commodities or products for which they could envisage undertaking import commitments and, where possible, an indication of the quantities that may be involved; and
  - c) The Committee will provide assistance for the multilateral exchange of information provided under (a) and (b) above and for bilateral and/or multilateral negotiations among interested exporting and importing participants for the purpose of concluding long-term and medium-term contracts.
3. Participants concerned should notify the Committee of the conclusion of long-term and medium-term contracts as soon as possible.

**Chapter-V**  
**Ground Rules**  
**Article-17**  
**Special Treatment for Least Developed Countries**

1. In accordance with the Ministerial Declaration on the GSTP, the special needs of the least developed countries shall be clearly recognized, and concrete preferential measures in favor of these countries shall be agreed on.
2. To become a participant a least developed country shall not be required to make concessions on a reciprocal basis, and such participating least developed country shall benefit from the extension of all tariff, Para-tariff and non-tariff concessions exchanged in the bilateral/plurilateral negotiations which are multilateralized.
3. Participating least developed countries should identify their export products for which they may wish to seek concessions in the markets of other participants. Technical assistance by the United Nations and other participants in a position to do so, including the provision of relevant information relating to trade in the products concerned and the major developing import markets, together with market trends and prospects and trade regimes of the participants, should be provided to these countries on a priority basis to assist them in this task.
4. Participating least developed countries may, with respect to export products and markets identified under paragraph 3 above, make specific requests to other participants for tariff, para-tariff and non-tariff concessions and/or other direct trade measures, including long-term contracts.
5. Special consideration shall be given to exports from participating least developed countries in the application of safeguard measures.
6. The concessions sought in respect to these products may include :
  - a) dutv-free access. particularly for processed and semi-processed goods:

- b) the removal of non-tariff barriers;
  - c) the removal, where appropriate, of para-tariff barriers;
  - d) the negotiation of long-term contracts with a view to assisting participating least developed countries to achieve reasonable levels of sustainable exports of their products.
7. Participants shall sympathetically consider requests from participating least developed countries for concessions sought under paragraph 6 above and shall endeavor, wherever possible, to meet such requests, in whole or in part, as a manifestation of concrete measures to be agreed on in favour of participating least developed countries.

**Chapter-V**  
**Ground Rules**

**Article-18**

**Sub regional, Regional and Inter-regional Groupings**

Tariff, para-tariff and non-tariff preferences applicable within existing sub regional, regional and inter-regional groupings of developing countries notified and registered in this Agreement shall retain their essential character, and there shall be no obligation on the members of such groupings to extend, nor the right of other participants to enjoy the benefits of such preferences. The provisions of this paragraph shall apply equally to the preferential agreements concluded with a view to creating sub regional, regional and inter-regional groupings of developing countries and to future sub regional, regional and inter-regional groupings of developing countries that will be notified as such and duly registered in this Agreement. Furthermore, these provisions shall apply in equal measures to all tariff, Para-tariff and non-tariff preferences which may in the future become applicable within such sub regional, regional or inter-regional groupings.

**Chapter-VI**  
**Consultations and Settlement of Disputes**

**Article-19**

**Consultations**

1. Each participant shall accord sympathetic consideration to, and shall afford adequate opportunity for, consultations regarding such representations as maybe made by another participant with respect to any matter affecting the operation of this Agreement.
2. The Committee may, at the request of a participant, consult with any participant in respect of any matter for which it has not been possible to find a satisfactory solution through such consultation under paragraph 1 above.

**Article-20**

**Nullification or Impairment**

1. If any participant should consider that another participant has altered the value of a concession embodied in its schedule or that any benefit accruing to it directly or indirectly under this Agreement is being nullified or impaired as the result of the failure of another participant to carry out any of its obligations under this Agreement or as the result of any other circumstance

relevant to the operation of this Agreement, the former may, with a view to the satisfactory adjustment of the matter, make written presentations or proposals to the other participants which it considers to be concerned, which thus approached shall give sympathetic consideration to the representations or proposals made to them.

2. If no satisfactory adjustment is effected between the participants concerned within 90 days from the date on which such representation or request for consultation was made, the matter may be referred to the Committee which shall consult with the participants concerned and make appropriate recommendations within 75 days from the date the matter was referred to the Committee. If still no satisfactory adjustment is made within 90 days after the recommendations were made, the aggrieved participant may suspend the application of substantially equivalent concession, or other obligations of the GSTP which the Committee does not disapprove of.

**Chapter-VI**  
**Consultations and Settlement of Disputes**  
**Article-21**  
**Settlement of Disputes**

Any dispute that may arise among the participants regarding the interpretation and application of the provisions of this Agreement or any instrument adopted within its framework shall be amicably settled by agreement between the parties concerned in line with article 19 of this Agreement. In the event of failure to settle a dispute, it may be referred to the Committee by a party to the dispute. The Committee shall review the matter and make a recommendation thereon within 120 days from the date on which the dispute was submitted to it. The Committee shall adopt appropriate rules for this purpose.

**Chapter-VII**  
**Final Provisions**  
**Article-22**  
**Implementation**

Each participant shall take such legislative or other measures as maybe necessary to implement this Agreement and the instruments adopted within its framework.

**Article-23**  
**Depositary**

The Government of the Socialist Federal Republic of Yugoslavia is hereby designated as the depositary of this Agreement.

**Article-24**  
**Signature**

This Agreement shall be open for signature at Belgrade, Yugoslavia, from 13 April 1988 until the date of its entry into force in accordance with article 26.

**Article-25**  
**Definitive Signature, Ratification, Acceptance or Approval**

Any participant referred to in article 1 (a) and in Annex-I of this Agreement which has exchanged concessions may:

- a) At the time of signing this Agreement, declare that by such signature it expresses its consent to be bound by this Agreement (definitive signature) ; or
- b) After signing this Agreement, ratify, accept or approve it by the deposit of an instrument to that effect with the depositary ;

**Chapter-VII**  
**Final Provisions**  
**Article-26**  
**Entry into force**

1. This Agreement shall enter into force on the thirtieth day after 15 States referred to in article 1(a) and annex-I of the Agreement from the three regions of the Group of 77, which have exchanged concessions have deposited their instruments of definitive signature, ratification, acceptance, approval in accordance with article 25, paragraphs (a) and (b).
2. For any state which deposits an instrument of definitive signature, ratification, acceptance, approval or accession or a notification of provisional application after the conditions for entry into force of this Agreement have been met, it shall enter into force for that state on the thirtieth day after such deposit or notification.
3. Upon entry into force of this Agreement the Committee shall set a final date for the deposit of instruments of ratification, acceptance or approval by states referred to in article 25. This date shall not be later than three years following the date of entry into force of this Agreement.

**Article-27**  
**Notification of provisional application**

A signatory which intends to ratify, accept or approve this Agreement but which has not yet been able to deposit its instrument, may within sixty days after the Agreement enters into force notify the depositary that it will apply this Agreement provisionally. The provisional application shall not exceed a period of two years.

**Article-28**  
**Accession**

Six months after this Agreement enters into force in accordance with the provisions of this Agreement it shall be open to accession by other members of the Group of 77 who shall have complied with the conditions provided for in this Agreement. To this end the following procedures shall apply :

- a) The applicant shall notify its intention of accession to the Committee;
- b) The Committee shall circulate the notification among the participants;
- c) The applicant shall submit an offer list to the participants; participant may table a request list to the applicant;

d) Once the procedure under (a), (b) and (c) above have been completed, the applicant shall enter into negotiations with the interested participants with a view to reaching agreement on its list of concessions;

e) Application for accession from a least developed country shall be considered taking into account the provision for special treatment for least developed countries.

### **Article-29 Amendments**

1. Any participant may propose an amendment to this Agreement. The Committee shall consider and recommend the amendment for adoption by the participants. An amendment shall become effective 30 days after the date on which two-thirds of the participants, in article 1(a), have notified the depositary of their acceptance.
2. Notwithstanding provisions of paragraph 1 of this article:
  - a) Any amendment concerning;
    - i) The definition of membership stipulated in article 1 (a);
    - ii) The procedure for amending this Agreement; shall enter into force after its acceptance by all participants in accordance with article 1 (a) of this Agreement.
  - b) Any amendment concerning;
    - i) The principles stipulated in article 3;
    - ii) The base of consensus and any other bases of voting mentioned; shall enter into force after its acceptance by consensus.

### **Chapter-VII Final Provisions Article-30 Withdrawal**

1. Any participant may withdraw from this Agreement at any time after its entry into force. Such withdrawal shall be effective six months from the day on which written notice thereof is received by the depositary. That participant shall simultaneously inform the Committee of the action it has taken.
2. The rights and obligations of a participant which has withdrawn from this Agreement shall cease to apply as of that date. After that date, the participants and the withdrawing participant shall jointly decide whether to withdraw in whole or in part the concessions received by the latter from the former and vice-versa.

### **Article-31 Reservations**

Reservations may be made in respect of any of the provisions of this Agreement provided they are not incompatible with the object and purpose of this Agreement and are accepted by the majority of the participants.

### **Article-32-1 /**



## **Non-application**

1. The GSTP shall not apply as between participants if they have not entered into direct negotiations with each other and if either of them, at the time either accepts this Agreement does not consent to such application.
2. The Committee may review the operation of this article in particular cases at the request of any of the participants and make appropriate recommendations.

## **Article-33 Security exceptions**

Nothing in this agreement shall be construed to prevent any participant from taking any action which it considers necessary for the protection of the essential security interests.

1. This article can only be invoked in exceptional circumstances and notified to the Committee.

## **Article-34 Annexes**

1. This annexes form an integral part of this Agreement and a reference to this Agreement or to one of its chapters includes a reference to the annexes relating thereto.
2. The annexes to this Agreement shall be :
  - a) Annex I - Participants in the Agreement
  - b) Annex II - Rules of Origin
  - c) Annex III - Additional Measures in Favor of Lease Developed Countries
  - d) Annex IV - Schedules of Concessions

DONE at Belgrade, Yugoslavia, on the thirteenth day of April, one thousand nine hundred and eighty-eight, the texts of this Agreement in the Arabic, English, French and Spanish language being equally authentic.  
IN WITNESS WHEREOF the undersigned, being duly authorized thereto, have signed this Agreement on the dates indicated.

## **Annex-I Participants on the Agreement**

Algeria	Mexico
Angola	Morocco
Argentina	Mozambique
Bangladesh	Nicaragua

Benin	Nigeria
Bolivia	Pakistan
Brazil	Peru
Cameroon	Philippines
Chile	Qatar
Colombia	Republic of Korea
Cuba	Romania
Democratic People's Republic of Korea	Singapore
Ecuador	Sri Lanka
Egypt	Sudan
Ghana	Thailand
Guinea	Trinidad and Tobago
Guyana	Tunisia
Haiti	United Republic of Tanzania
India	Uruguay
Indonesia	Venezuela
Iran (Islamic Republic of)	Vietnam
Iraq	Yugoslavia
Libyan	Zaire
Malaysia	Zimbabwe

## **Annex-II Rules of Origin**

For determining the origin of products eligible for preferential concessions under the GSTP in the light of paragraphs (a) and (b) of Article 3 and Article 15 of the Agreement on GSTP the following Rules shall be applied:

**Rule-1 :** Originating Products - Products covered by preferential territory arrangements within the framework of the GSTP imported into the territory of a participant from another participant which are consigned directly within the meaning of Rule 5 hereof, shall be eligible for preferential concessions if they conform to the origin requirement under any one of the following conditions :

- a) Products wholly produced or obtained in the exporting participant as defined in Rule 2; or
- b) Products not wholly produced or obtained in the exporting participant, provided that the said products are eligible under Rule 3 or Rule 4.

**Rule-2 :** Wholly produced or obtained : within the meaning of Rule 1 (a) the following shall be considered as wholly produced or obtained in the exporting participant :

- a) raw or mineral products extracted from its soil, its water or its seabed
- b) agricultural products harvested there; 2/
- c) animals born and raised there:

- d) products obtained from animals referred to be in paragraph (c) above;
- e) products obtained by hunting or fishing conducted there;
- f) products of sea fishing and other marine products taken from the high seas by its vessels : 3/ 4/
- g) products processed and/or made on board its factory ships 4/ 5/ exclusively from products referred to in paragraph (f) above;
- h) used articles collected there, fit only for the recovery of raw materials;
- i) waste and scrap resulting from manufacturing operations conducted there;
- j) goods produced there exclusively from the products referred to in paragraph (a) to (i) above.

**Rule-3** : Not wholly produced or obtained

a) Within the meaning of Rule 1(b), products worked on or processed as a result of which the total value of the materials, parts or produce originating from non-participants or of undetermined origin used does not exceed 50% of the f.o.b value of the products produced or obtained and the final process of manufacture is performed within the territory of the exporting participant shall be eligible for preferential concessions, subject to the provisions of Rule 3(c) and Rule 4.

b) Sect oral agreements 6/

c) The value of the non-originating materials, parts of produce shall be :

- i) The c.i.f. value at the time of importation of the materials, parts or produce where this can be proven; or
- ii) The earliest ascertainable price paid for the materials, parts or produce of undetermined origin in the territory of the participant where the working or processing takes place.

## **Annex-II Rules of Origin**

**Rule-4** : Cumulative rules of origin - Products which comply with origin requirements provided for in Rule 1 and which are used by a participant as input for a finished product eligible for preferential treatment by another participant shall be considered as a product originating in the territory of the participant where working or processing of the finished product has taken place provided that the aggregate content originating in the territory of the participant is not less than 60% of its f.o.b. value. 7/

**Rule-5** : Direct consignment-The following shall be considered as directly consigned from the exporting participant to the importing participant :

- a) if the products are transported without passing through the territory of any non-participant:
- b) the products whose transport involves transit through one or more intermediate non-participants with or without transshipment or temporary storage in such countries, provided that :
  - i) the transit entry is justified for geographical reason or by considerations related exclusively to transport requirement :
  - ii) the products have not entered into trade or consumption there ; and
  - iii) the products have not undergone any operation there other than unloading and reloading or any operation required to keep them in good condition.

**Rule-6** : Treatment of packing - when determining the origin of products, packing should be considered as forming a whole with the product it contains, However, packing may be treated separately if the national legislation so requires.

**Rule-7 :** Certificate of origin - Products eligible for preferential concessions shall be supported by a Certificate of Origin 8/ issued by an authority designated by the government of the exporting participant and notified to the other participants in accordance with the certification Procedures to be developed and approved by the participants.

**Rule-8 :** (a) In conformity with paragraphs (a) and (b) of Article 3 and Article 15 of the Agreement on the GSTP and national legislations. Any participant may prohibit potation of products containing any inputs originating from States with which it does not have economic commercial relations.

(b) Participants will do their best to co-operate in order to specify origin of inputs in the Certificate of Origin.

**Rule-9 :** Review - These rules may be reviewed as and when necessary upon request of one third of the participants and may be open to such modifications as may be agreed upon.

## **Annex-II Rules of Origin**

**Rule-10 :** Special criteria percentage - Products originating in participating least developed countries can be allowed a favorable in percentage points applied to the percentages established in Rules 3 and 4. Thus, for Rule 3, the percentage would not exceed 60 percent, and for Rule 4, the percentage would not be less than 50 per cent.

**1/** Include mineral fuels, lubricants and related materials as well as mineral or metal ores.

**2/** Include forestry products.

**3/** "Vessels" - shall refer to fishing vessels engaged in commercial fishing, registered in a participant's country and operated by a citizen or citizens or government of participants or partnership, corporation or association, duly registered in such participant's country. At least 60 per cent of equity of which is owned by a citizen or citizens and/or government do such participant or 75 per cent by citizens and/or governments of the participants. However the products taken from vessels engaged in commercial fishing under bilateral agreements which provide for chartering/leasing of such vessels and/or sharing of catch between participants will also be eligible for preferential concessions.

**4/** In respect of vessels or factory ships operated by government agencies, the requirement of flying the flag of a participant does not apply.

**5/** For the purpose of this Agreement, the term "factory ship" means any vessels, as defined, used for processing and/or making on board products exclusively from those products referred to in paragraph (f) above.

**6/** In respect of products traded within the framework of sect oral agreement negotiated under the GSTP, provision may need to be made for special criteria to apply. Consideration may be given to these criteria as and when the sect oral agreements are negotiated.

**7/** "Partial" cumulating as implied by Rule 4 above means that only products which have acquired status in the territory of one participant may be taken into account when used as inputs for a finished product eligible for preferential treatment in the territory of another participant.

**8/** A standard Certificate of origin to be used by all participants is annexed.

1. Goods consigned from (Exporter's business name, address, country)
2. Goods consigned to (Consignee's name, address, country)

**Reference No.**  
**Global system of trade preferences certificate of origin**

(Combined declaration and certificate)

Issued in .....

(country)

see notes overleaf

1. Means of transport and route (as far as known)
2. For official use
3. Tariff item number
4. Marks and numbers of packages
5. Number and kind of packages; description of goods
6. Origin criterion (see Notes overleaf)
7. Gross weight or other quantity
8. Number and date of invoice

9. Declaration by the exporter The undersigned hereby declares that the above details and statements are corrects that all the goods were produced in ..... (country) and that they comply with the origin requirements specified for those goods in the Global System of Trade Preferences for goods exported to ..... (importing country) ..... Place and date, signature of authorised signatory.

10. Certificate It is hereby certified, on the basis of control carried out, that the declaration by the exporter is correct.

.....  
Place and date, signature and stamp of certifying authority.

**I : General Condition**

To qualify for preference, products must:

- (a) fall within a description of products eligible for preference in the schedule of concessions of the GSTP country of destination;
- (b) comply with the GSTP rules of Origin. Each article in a consignment must qualify separately in its own right; and
- (c) comply with the consignment conditions specified by the GSTP Rules of Origin. In general, products must be consigned directly within the meaning of Rule 5 hereof from the country of exportation to the country of destination.

## **II : Entries to be made in box 8**

Preferences products must be wholly produced or obtained in the exporting participant in accordance with rule 2 of the GSTP Rules of Origin, or where not wholly produced or obtained in the exporting participants must be eligible under rule 3 or rule 4.

(a) products wholly produced or obtained : enter the letter "A" in box 8.

(b) products not wholly produced or obtained : the entry in box 8 should be as follows:

1. Enter letter "B" in box 8, for products which meet the origin criteria according to rule 3. Entry of letter "B" would be followed by the sum of the value of materials, undetermined origin used, expressed as a percentage of the f.o.b. value of the exported products;

(example "B" 50 per cent).

2. Enter letter "C" in box 8 for products which meet the origin criteria according to rule 4.

Entry of letter "C" followed by the sum of the aggregate content originating in the territory of the exporting participant expressed as a percentage of the f.o.b. value of the exported product; (example "C" 60 per cent).

3. Enter letter "D" in box 8 for products which meet the special origin criteria according to rule 10.



