

DCTS (or GSP Scheme) of the UK as Applicable to Pakistan

The UK-GSP scheme took effect on January 1, 2021, upon expiry of the Brexit transition period on December 31, 2020. With effect from June 19, 2023, the UK predesignated its GSP scheme for developing countries as the “Developing Countries Trading Scheme (DCTS)”, and further liberalized its Rules of Origin with effect from January 1, 2026. The main aspects of the DCTS as applicable to exports from Pakistan are as follows:

1. Pakistan has been placed in the “Enhanced Preferences” tier of the DCTS, which broadly corresponds to the GSP Plus category of the EU-GSP scheme. Enhanced Preferences entitle exporters in eligible countries to zero (0%) import tariffs on over 92% of tariff lines under the DCTS. Accordingly, under the DCTS, Pakistan is:
 - a. Eligible for broadly the same level of market access (preferential tariffs) for exports to the UK as is available to it under the GSP Plus scheme of the EU.
 - b. Unlike under the GSP Plus scheme of the EU, not required to ratify and implement 27 international conventions as a condition of eligibility, which is now based only on income level (low or lower-middle income) and economic vulnerability. However, the UK may suspend preferences in case of serious and systematic violations of human rights or labor rights conventions.
2. The Rules of Origin of the DCTS are laid down in the UK’s Customs (Origin of Chargeable Goods: Developing Countries Trading Scheme) Regulations 2023. These were originally based on the EU-GSP rules (Annex 22-03 of EU Delegated Regulation 2015/2446) but, with effect from January 1, 2026, differ from them in important respects. Specific aspects to be noted with respect to the Rules of Origin of the DCTS are:
 - a. With effect from January 1, 2026, garments (HS Chapters 61 and 62) qualify with single transformation, i.e. garments cut and sewn (assembled) in Pakistan from fabric imported from any country originate in Pakistan. However, home textiles (HS Chapter 63), fabrics and yarns still require double transformation (e.g. weaving or knitting plus making-up). Under the EU-GSP, garments continue to require double transformation.
 - b. The DCTS allows cumulation with the EU for all materials, while for cumulation with Norway and Switzerland, materials of HS Chapters 1 to 24 are excluded. Furthermore, cumulation with Turkey is not permitted.
 - c. With effect from January 1, 2026, regional cumulation is allowed with an expanded Asia group comprising Afghanistan, Bangladesh, Bhutan, Cambodia, India, Indonesia (until December 31, 2026), Kyrgyzstan, Laos, Mongolia, Myanmar, Nepal, Philippines, Sri Lanka, Tajikistan, Timor-Leste and Uzbekistan. One-way cumulation is also allowed with Vietnam for inputs

that are duty-free and quota-free under the UK–Vietnam FTA. In all cases, processing in Pakistan must go beyond minimal operations.

- d. Under the non-manipulation rule of the DCTS, goods may transit through, or be stored or split in, the EU (or any other country) and remain eligible for DCTS preferences, provided they are not altered and remain under customs supervision.
3. Under the DCTS, origin certification for exports to the UK is carried out as follows:
- a. The REX System does not apply to exports to the UK. Proof of origin may be provided either as an origin declaration (also called an invoice declaration or statement on origin) made out by the exporter on the commercial invoice or another commercial document, or on the GSP “Form-A”. An origin declaration remains valid for 2 years from the date it is made out.
 - b. Where the GSP “Form-A” is used, it:
 - i. Does not need to be stamped and signed by TDAP.
 - ii. May be prepared on a copy of Form-A (annexed). Hence, there is no need at all to obtain an original Form-A from TDAP.
 - iii. Must bear a serial number, printed or otherwise, or, where there is no serial number, a reference to the commercial invoice by which it can be identified.

(Details of the procedure for completing Form-A are available on the UK Government website at: <https://www.gov.uk/guidance/completing-generalised-scheme-of-preferences-form-a>, and details of claiming DCTS preferences at: <https://www.gov.uk/guidance/how-to-claim-preferences-under-the-developing-countries-trading-scheme-dcts>)

4. The UK removes a country from the DCTS only after it has been classified by the World Bank as an upper-middle-income country for three consecutive years, followed by a transition period (e.g. Indonesia will leave the DCTS on January 1, 2027). As Pakistan is a lower-middle-income country, the “Enhanced Preferences” facility is expected to remain available to it for the foreseeable future, subject to its continuing to meet the economic vulnerability criterion.

Note: The above information has been derived from the UK Government’s webpage “Developing Countries Trading Scheme (DCTS) - GOV.UK” at <https://www.gov.uk/government/collections/trading-with-developing-nations#guidance> and will be updated if any subsequent changes are made by the UK Government. Any further clarification may be sought from TDAP by writing to kamalshahryar@tdap.gov.pk.

1. Goods consigned from (Exporter's business name, address, country)			Reference No GENERALIZED SYSTEM OF PREFERENCES CERTIFICATE OF ORIGIN (Combined declaration and certificate) FORM A Issued in (country) See notes overleaf		
2. Goods consigned to (Consignee's name, address, country)					
3. Means of transport and route (as far as known)			4. For official use		
5. Item number	6. Marks and numbers of packages	7. Number and kind of packages, description of goods	8. Origin criterion (see Notes overleaf)	9. Gross weight or other quantity	10. Number and date of invoices
11. Certification It is hereby certified, on the basis of control carried out, that the declaration by the exporter is correct.			12. Declaration by the exporter The undersigned hereby declares that the above details and statements are correct; that all the goods were produced in (country) and that they comply with the origin requirements specified for those goods in the Generalized System of Preferences for goods exported to (Importing country) Place and date, signature and stamp of certifying authority		

NOTES (2013)

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

Australia*	European Union:	France	Netherlands
Belarus	Austria	Germany	Poland
Canada	Belgium	Greece	Portugal
Iceland	Bulgaria	Hungary	Romania
Japan	Croatia	Ireland	Slovakia
New Zealand**	Cyprus	Italy	Slovenia
Norway	Czech Republic	Latvia	Spain
Russian Federation	Denmark	Lithuania	Sweden
Switzerland including Liechtenstein***	Estonia	Luxembourg	United Kingdom
Turkey	Finland	Malta	
United States of America****			

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.