The UK has implemented so far the Generalized System of Preferences (GSP) of the European Union (EU) to promote the development of exports of less advanced economies (most of them being African countries) in its territory. With Brexit, however, things have changed. The country decided to disengage from the EU GSP and develop its own GSP to keep granting duty free and quota free access to its market to such economies. This new scheme is called "Developing Countries Trade Scheme" (DCTS).

The GSP is a unilateral preferential trade scheme that provides special tariff preferences for imports from Developing Countries (DCs) and Less Developed Countries (LDCs) into advanced industrialized countries. Preference-giving countries unilaterally determine which countries and which products are included in their respective GSP schemes.

Proposed at the first United Nations Conference on Trade and Development (UNCTAD I), held in New York from 23 March to 16 June 1964, by some delegations of industrialized countries as a temporary measure aimed to promote the development of the exports of less advanced economies, the GSP is based on the idea that trade, as opposed to aid, is the most effective vehicle for sustaining the economic growth of such economies. At the second United Nations Conference on Trade and Development (UNCTAD II), held in New Delhi from 1 February to 29 March 1968, a Resolution was finally approved which called for the establishment of a *“generalized, non-reciprocal, non-discriminatory system of preferences in favour of the developing countries, including special measures in favour of the least advanced among the developing countries”*
. The purposes of this system were basically 3: 1) to increase the export earnings of less advanced or developing countries, 2) to promote their industrialization, and 3) to accelerate their rates of economic growth.

However, a main barrier to the introduction of such a system of preferences was the fact that art. I, par. 1 of the General Agreement on Tariffs and Trade (GATT 1947) prohibited contracting countries to provide selective preferential access to their markets (i.e., only to some members and not to the others), a principle known as the “Most Favoured Nation” (MFN) clause. Because of this limitation, a group of industrialized countries submitted on 19 May 1971 to the GATT Council for Trade in Goods, the Communication (C/W/178), where they requested the adoption of a 10-year waiver from the MFN clause in accordance with article XXV:5 of GATT, so that the GSP could be introduced in their respective legislations. The waiver was formalised with the GATT Decision on “Generalized System of Preferences” of 25 June 1971 (L/3545), which was rapidly followed by the adoption of GSPs schemes by the following countries and customs territories worldwide:

- the European Community (July 1, 1971) ;
- Japan (August 1971);
- Norway (October 1971);
- New Zealand (January 1972);
- Switzerland (March 1972);
- Australia (July 1974);
- Canada (July 1974);
- United States (January 1976);
- Iceland (January 2002);
- Turkey (January 2002);
- the Eurasian Economic Union (October 2016).

However, changes with respect to the EU GSP are very little. Like this scheme, the DCTS is articulated in three tiers:

- a) Comprehensive Preferences for LDCs;
- b) Enhanced Regime (ER), which basically replicate the EU's GSP+, with the only difference that, in order to qualify under the ER, countries will now need only to meet vulnerability criteria (based on their lack of export diversification), with no need to ratify and comply with 27 international conventions related to human rights, labour rights, protection of the environment and good governance conventions related to labour and human rights, environmental and climate protection and good governance, as requested under the GSP+;
- c) Standard Preferences: this scheme offers preferential duty-free access in 33% of the products and partial reduction in duties in a similar number of tariff lines.

Like the EU GSP, the DCTS includes specific rules of origin that are used to determine whether a product originates from the country beneficiary of the scheme. These rules are necessary to ensure that tariff duties generated from the imports from non-beneficiary countries of preferences of FTA are not eluded by being channelled through a beneficiary country. In short, rules of origin establish if a product has received enough transformation or contains enough

domestic value added to be considered original from the beneficiary country and, consequently, receive the preferential treatment. DCTS new rules of origin allow up to 75% non-domestic content in 50% of the chapters of the Harmonised System. Product-specific rules (that are frequently used for instance, for determining the origin of textiles and garments) will allow exporters to meet alternatives rules, which gives to such criterion more flexibility.
Similar changes in the cumulation of origin rules give more flexibility for exporters in LDCs to utilise inputs from a wider range of countries without losing the preferential access.

Further details on the new UK DCTS are available here .