

THE COTTON TEXTILES EXPORT PROMOTION COUNCIL

(Sponsored By Government of India)

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<u>Sub</u>: Withdrawal of the Generalised Scheme of Preferences (GSP) by the United <u>Kingdom</u>

Dear Member,

As you are aware, the UK GSP Scheme (Standard Preference) provided a 20% concession on the overall import duty of 12% for Indian Home Textile and Garments thereby offering a concessional duty of 9.6%.

Now, the Government of United Kingdom has replaced the UK GSP Scheme with a new Scheme called the Developing Countries Trading Scheme (DCTS) w.e.f. 19th June, 2023 vide their Notice published on 19th June, 2023 (copy enclosed). The Standard Preferences rate for India and Indonesia will be suspended from 19th June, 2023 until 31st December 2025 according to the Notice.

The DCTS outlines 3 preference tiers which are as follows:

- (i) Comprehensive Preference: which includes LDC like Bangladesh who will continue to benefit by zero duty access.
- (ii) Enhanced Preference: which includes countries like Pakistan and Sri Lanka who will continue to receive zero duty in textile and clothing items.
- (iii) Standard Preference: which has only India and Indonesia and as they are not considered economically vulnerable, the duty preference (of 20%) will be withdrawn.

In this connection, please note that TEXPROCIL has strongly opposed the announcement by the Government of UK to suddenly suspend preferential customs duty rates on Indian textile imports as it has come up at an inopportune time and it does not seem to be in line with the trade policy direction and priorities.

The Council has already represented the matter with the Government of India with a request to continuously engage bilateral discussions with the Government of UK in restoring the Preferential Customs Duty benefits and implement the FTA at the earliest since many of our members are exporting Indian Home Textiles and Garments to the UK.

Regards,

Dr. Siddhartha Rajagopal Executive Director

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