# The EU's Generalized System of Preferences and its impact on Thailand

Since 1971, the EU's Generalized System of Preferences (GSP) allows developing countries easier market access to the European Union through tariff reductions. It is a unilateral measure by the EU and there is no expectation or requirement that this access is reciprocated by the countries concerned.
Thailand is one of the beneficiaries of the GSP.

With the latest reform of the GSP being applicable from January 1, 2014, out of the 172 counties previously eligible for the GSP, the following will not continue to be the recipient of GSP benefits:

- 33 overseas countries and territories of the EU Member States,

- 20 high and upper middle income countries as classified by the World Bank during three consecutive years, based on Gross National Income (GNI) per capita, and

- 34 countries with a preferential trade agreement (FTAs –with two years of transition to allow for adjustment to the new regime) or a special autonomous trade regime.

Thailand is still on the list of countries receiving the GSP benefits for the year 2014. Beginning January 1, 2015, however, China, Ecuador, Maldives and Thailand will be excluded from GSP benefits, as they have been classified by the World Bank as upper-middle-income countries. Their exports will then enter the EU with a normal tariff applicable to all other developed countries.

It was expected that at the time of removal of the GSP benefits for Thailand, the EU and Thailand would already have concluded a Free Trade Agreement (FTA). Taking the current political struggle into consideration, it seems to be a goal that will not be achieved on time. The impact of that failure on Thai businesses can not be underestimated.

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