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EU GSP Plus Curtain Raiser

by

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WORLD TRADE
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What is GSP

- Generalised System of Preferences [GSP] is a mechanism in which countries give tariff concessions to developing countries without violating MFN obligations under WTO.
- Within GSP there are 3 sub arrangements:
 - General Arrangement.
 - Everything but Arms for LDCs.
 - GSP + for countries fulfilling eligibility criteria.

E.U GSP and GSP PLUS

**REGULATION (EU) No 978/2012 OF THE EUROPEAN
PARLIAMENT AND OF THE COUNCIL of 25 October
2012 Applying a scheme of generalized tariff
preferences and repealing Council Regulation (EC)
No 732/2008.**

GSP Plus (Special Incentive Arrangement for Sustainable Development and Good Governance).

The additional tariff preferences provided under the special incentive arrangement for sustainable development and good governance should be granted to those developing countries which;

- due to a lack of diversification and insufficient integration within the international trading system,
- are vulnerable,
- in order to help them assume the special burdens and responsibilities resulting from the ratification of core international conventions on human and labour rights, environmental protection and good governance as well as from the effective implementation thereof.

ELIGIBILITY CRITERIA

1. Vulnerability;

- Exports of that country should not exceed 2% of EU's global GSP imports. (Pakistan – 1.6%)
- Seven largest sectors of products contribute more than 75% of its exports to EU. (Pakistan – 94%)
- It is not a high or upper middle income country as per World Bank criteria. (Pakistan – Low income country)

ELIGIBILITY CRITERIA

2. Ratification of 27 Relevant Conventions

- Beneficiary country for GSP+ shall take following actions relating to the specified 27 international conventions pertaining to Human Rights, Labour Rights, Environment, Narcotics and Good Governance:

- Sign
- Ratify
- Implement

Overview of the Conventions

Category	No. of Conventions
Human Rights	<u>7</u>
Labour Rights	<u>8</u>
Environment	<u>8</u>
Narcotics Control	<u>3</u>
Corruption	<u>1</u>

What does GSP Plus mean for Pakistan?

- Duty free treatment for Pakistani products – covering 96% of products exported to the EU by Pakistan.
- Only the second country in the entire South and South East Asian region to have duty free access to European Union.
- Competitors in the T&C sector; China, India, Vietnam, Thailand, Indonesia have no duty free access as well as no preferential access – 10% to 14% duty advantage.
- No possibility of graduation from the EU GSP Scheme.

Safeguards in the Textile, Agriculture and Fisheries Sectors (Article 29)

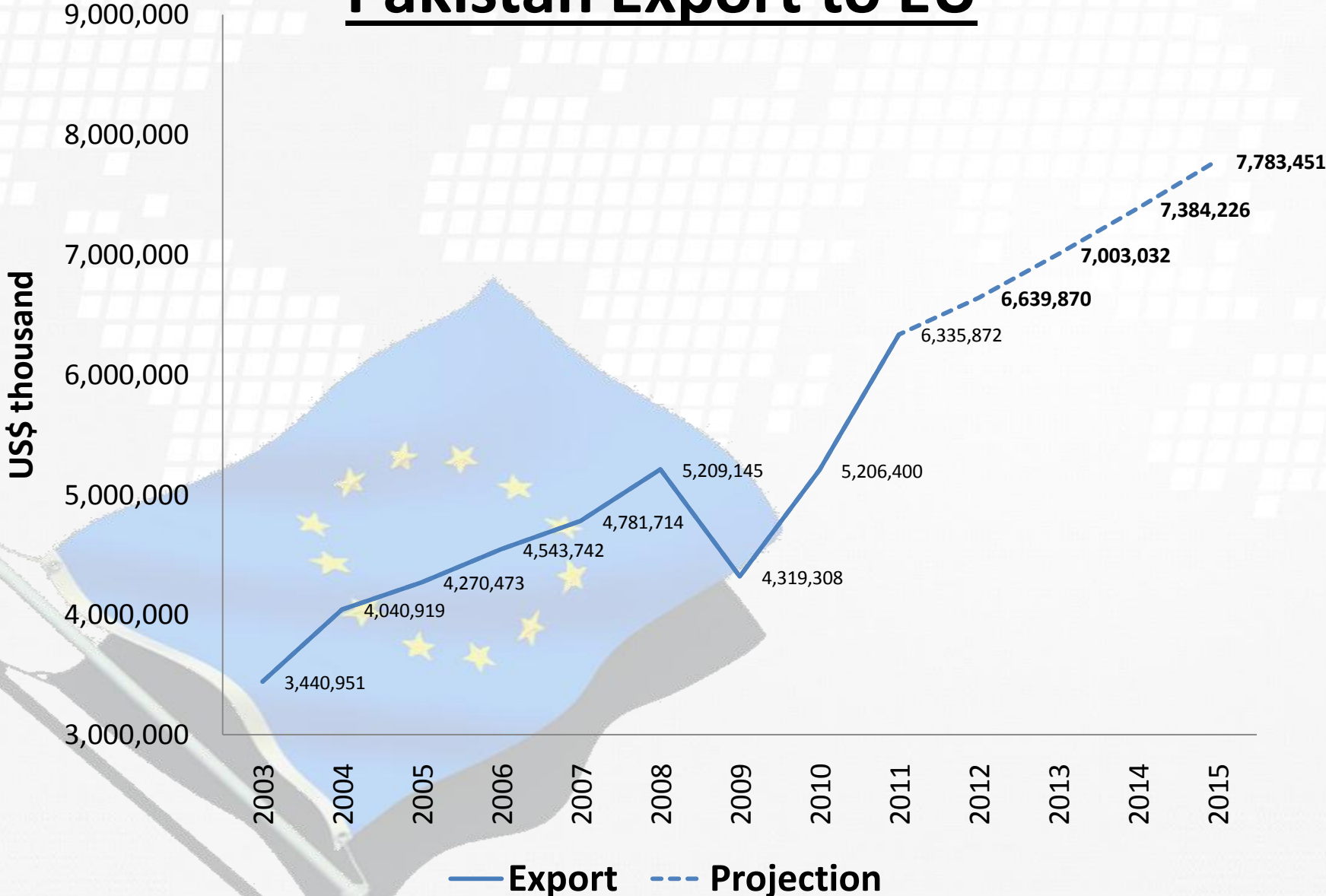
When exports increases by at least 13,5 % in quantity (by volume), as compared with the previous calendar year

Safeguards apply only if the country exports of a GSP section exceed a threshold of 6% out of this section total EU imports

Important time lines

- The scheme shall apply for a period of 10 years.
- Every 2 Years the European Commission would present a report on the status of implementation of the Conventions to the European Parliament and the Council.
- 5 years after its entry into force, the Commission should report to the European Parliament and to the Council on the application of this Regulation and assess the need to review the scheme, including the special incentive arrangement for sustainable development and good governance.
- The 2% vulnerability criteria would be calculated as an average of last 3 consecutive years.

Pakistan Export to EU



Pakistan Export to EU-27

Value in US\$ thousand

HS code	Product label	Export performance			Export Projection			
		2009	2010	2011	2012	2013	2014	2015
All products		4,319,308	5,206,400	6,335,872	6,639,870	7,003,032	7,384,226	7,783,451
6302	Bed, table, toilet and kitchen linens	1,000,676	1,181,738	1,358,332	1,447,369	1,526,531	1,609,625	1,696,648
6203	Men's suits, jackets, trousers etc & shorts	415,023	513,221	604,816	618,624	652,459	687,974	725,169
4203	Articles of apparel&clothing access, of leather or composition leather	342,686	388,569	421,527	504,089	531,660	560,600	590,909
6204	Women's suits, jackets,dresses skirts etc&shorts	174,820	261,838	419,553	324,441	342,186	360,812	380,319
5208	Woven cotton fabrics, 85% or more cotton, weight less than 200 g/m2	194,656	282,879	315,164	346,807	365,775	385,685	406,537
6105	Men's shirts, knitted or crocheted	126,917	163,442	205,325	200,188	211,137	222,630	234,666
5205	Cotton yarn (not sewing thread) 85% or more cotton, not retail	115,646	124,977	184,175	178,440	188,199	198,444	209,172
1006	Rice	106,603	151,406	173,192	200,238	211,190	222,686	234,725
5209	Woven cotton fabrics, 85% or more cotton,weight over 200 g/m2	96,158	132,283	168,999	163,525	172,469	181,857	191,689
5210	Woven cotton fabrics, less than 85% cotton, mxd with manmade fibers, w	105,118	115,434	154,624	177,315	187,013	197,193	207,854
6103	Men's suits,jackets,trousers etc&shorts, knit/croch	74,779	84,983	134,575	120,730	127,333	134,264	141,523
5513	Woven fab of syn stapl fib (< 85% of such fiber),mixed with cotton (wt	48,115	106,268	119,327	101,410	106,957	112,779	118,876
9018	Electro-medical apparatus (electro-cardiographs, infra-red ray app, sy	105,445	96,653	116,709	140,084	147,746	155,788	164,210
9506	Articles&equip for gymnastics, athletics, or sports/outdoor games nes	93,089	113,539	111,886	141,140	148,860	156,962	165,448
5212	Woven fabrics of cotton, nes	65,721	71,988	93,497	91,784	96,804	102,073	107,592
6115	Panty hose, tights, stockings & other hosiery, knitted or crocheted	66,452	82,085	91,342	97,035	102,342	107,913	113,747
6109	T-shirts, singlets and other vests, knitted or crocheted	49,964	55,491	77,518	76,593	80,782	85,179	89,784
4113	Leather further prepared after tanning or crusting ""incl. parchment-dressed leather"", of	43,106	54,919	69,343	74,370	78,438	82,707	87,179
6104	Women's suits,dresses,skirt etc&short, knit/croch	41,783	56,662	68,820	64,701	68,240	71,954	75,844
6303	Curtains, drapes & interior blinds	48,104	55,257	64,237	70,295	74,139	78,175	82,401
Other		1,004,447	1,112,768	1,382,911	1,500,693	1,582,772	1,668,926	1,759,156
% share of top 20 products in total export		76.75	78.63	78.17	77.40	77.40	77.40	77.40

Thank You

