

Is GSP+ an alternative to an Economic Partnership Agreement? - Brussels, 27 September 2007

Why has GSP+ been proposed as an option for ACP countries?

The ACP and EU promised to agree new WTO-compatible Economic Partnership Agreements by 2008, when their current trade arrangements will expire. There are concerns some ACP countries will not sign agreements in time. However, without WTO-compatible trade arrangements set out in Economic Partnership Agreements, the EU can only offer the ACP its Generalised System of Preferences (GSP) from 1st January 2008. This would give Least Developed Countries duty and quota free access to the EU but the 36 ACP non-Least Developed Countries¹ would get substantially less generous preferences. This would hit key exports like bananas, horticulture, aluminium, cocoa and beef. Based on 2005 figures, non-LDCs would pay over €1 billion in additional customs duties. The GSP+ is a special arrangement offering additional trade preferences to countries committed to sustainable development and good governance, including basic human rights and labour standards. Some commentators suggest that admitting the ACP non-LDCs to GSP+ could be either an alternative to Economic Partnership Agreements or a means to allow negotiations to extend into 2008 with no loss of trade preferences.

What are the criteria for GSP+?

To join GSP+ countries have to ratify and implement 27 international conventions (Annex 1, see below) and undergo a rigorous vetting and application process. They have to be low or middle income countries and meet criteria related to the diversification of their exports and share of total EU GSP imports. GSP+ eligibility is reviewed every 3 years. The next revision will be finalised during in 2008 so as to establish the list of countries that will benefit from GSP+ from 2009.

Why is there such an emphasis on the criteria and process of application?

GSP+ is a cornerstone of the EU sustainable development and trade agenda. It discriminates between developing countries but is permitted under a WTO special provision called the "enabling clause" because of its objectives. This means it is under constant review with a burden of proof on the EU to ensure its integrity.

This is why there is such emphasis on rigorous and transparent scrutiny procedures. In a 2006 resolution on the GSP+ scheme² the European Parliament reinforced the need for this scrutiny. Parliament called on the Commission to strengthen its monitoring of whether GSP+ beneficiaries were implementing the required conventions and stressed that failure to do so should lead to the withdrawal of privileges.

Are the ACP Eligible?

No non-LDC ACP state is currently eligible for GSP+. None have ratified all the relevant conventions. Some are close but none have begun the process of demonstrating implementation and their compliance with the criteria of the scheme. An indication of the progress of the non-LDC ACP states towards meeting GSP+ criteria is set out in Annex 2 (see below).

¹ This does not include Cap Verde who will be a non-LDC with effect from 2008 and South Africa who have a separate Trade and Development Co-operation Agreement that will remain in force.

² European Parliament Resolution P6_TA(2006)0489

Can we adjust the criteria to offer GSP+ to the ACP?

We can't set up a scheme based on commitment to sustainable development and good governance and then bend the rules to allow ACP countries who do not meet the entry criteria to join. This would fundamentally undermine the credibility of the scheme and break our commitment to those countries that have gone through the rigorous application and vetting procedure.

Some ACP non-LDCs are richer than the current GSP+ beneficiaries and candidates. It is not responsible to consider opening GSP+ to countries that have not only failed to implement the required standards but are also better off than those that have. This would also continue the kind of discrimination that led to the challenge of the original ACP trade arrangements. Challenge to the GSP+ would be swift to come and we would risk losing this essential part of EU trade policy to the detriment of all.

There is the possibility that a few ACP countries could ratify the relevant conventions in time. But GSP+ is not about ratification it is about implementation. Other countries had to wait from 2005 to join in 2009 to prove they had implemented as well as ratified relevant conventions. They had to follow a strict application process. We cannot "fast track" ACP countries without making a mockery of the application process and devaluing the efforts of those who have followed it. Countries that have carefully followed the full process would have a legitimately challenge any such attempt.

Does GSP+ actually offer an alternative?

In truth, no it doesn't. Under GSP+, the ACP non-LDCs would still be paying something near to € 750 million of additional customs duties a year. GSP+ covers a lot of products but not those of greatest interest to the ACP non-LDCs, like bananas. There have been suggestions that GSP+ could be extended to cover these products. This is nonsensical as it is potentially equivalent to opening EU markets for these products simultaneously to major ACP competitors. This would instantaneously kill ACP exports by removing the tariff advantages they have over more competitive producers.

The solution then proposed by some is to offer the ACP special privileges inside the GSP+ scheme. This would not only admit ACP states who have not met the criteria or passed the vetting process to GSP+ but it would also give them additional preferences not granted to existing GSP+ beneficiaries. We cannot justify this under any principle of law or responsibility to those who worked to meet the GSP+ criteria. Other WTO members expect us to abide by our commitments to end the discrimination in Cotonou and it would be irresponsible to try to continue this through a scheme set up purely and exclusively to promote human rights, labour standards and sustainable development.

ANNEX 1: CONVENTIONS TO BE RATIFIED AND IMPLEMENTED

Core human and labour rights UN/ILO Conventions

1. International Covenant on Civil and Political Rights
2. International Covenant on Economic, Social and Cultural Rights
3. International Convention on the Elimination of All Forms of Racial Discrimination
4. Convention on the Elimination of All Forms of Discrimination Against Women
5. Convention Against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment
6. Convention on the Rights of the Child
7. Convention on the Prevention and Punishment of the Crime of Genocide
8. Convention concerning Minimum Age for Admission to Employment
9. Convention concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour
10. Convention concerning the Abolition of Forced Labour
11. Convention concerning Forced or Compulsory Labour
12. Convention concerning Equal Remuneration of Men and Women Workers for Work of Equal Value
13. Convention concerning Discrimination in Respect of Employment and Occupation
14. Convention concerning Freedom of Association and Protection of the Right to Organise
15. Convention concerning the Application of the Principles of the Right to Organise and to Bargain Collectively
16. International Convention on the Suppression and Punishment of the Crime of Apartheid.

Conventions related to the Environment and Good Governance

17. Montreal Protocol on Substances that Deplete the Ozone Layer
18. Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal
19. Stockholm Convention on Persistent Organic Pollutants
20. Convention on International Trade in Endangered Species of Wild Fauna and Flora
21. Convention on Biological Diversity
22. Cartagena Protocol on Biosafety
23. Kyoto Protocol to the United Nations Framework Convention on Climate Change
24. United Nations Single Convention on Narcotic Drugs (1961)
25. United Nations Convention on Psychotropic Substances (1971)
26. United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
27. United Nations Convention against Corruption (Mexico)

ANNEX 2: ACP NON-LDC COUNTRIES ELIGIBILITY FOR GSP + FROM 2009

COUNTRY	CONVENTIONS RATIFIED [27 required]	WORLD BANK CLASSIFICATION [Must be low or middle income]	ECONOMY: GSP IMPORTS AS % OF TOTAL EU GSP IMPORTS [Must be less than 1%]	DIVERSIFICATION: 5 TOP GSP IMPORTS AS % OF GSP IMPORTS [Must be more than 75%]
Seychelles	26	Low or Middle income	0,03%	99.30%
Nigeria	26	Low or Middle income	0,16%	91.90%
Trinidad & Tobago	26	Low or Middle income	0,14%	99.13%
Barbados	25	Low or Middle income	0,00%	92.07%
Cameroon	25	Low or Middle income	0,05%	95.37%
Dominican Rep.	25	Low or Middle income	0,07%	81.87%
Ghana	25	Low or Middle income	0,12%	91.87%
St Vincent	25	Low or Middle income	0,00%	98.20%
Antigua, Barb	25	High Income country	0,00%	88.47%
Mauritius	25	Low or Middle income	0,31%	94.23%
Namibia	24	Low or Middle income	0,10%	98.20%
Kenya	24	Low or Middle income	0,31%	97.30%
Guyana	23	Low or Middle income	0,00%	98.12%
Ivory Coast	23	Low or Middle income	0,30%	97.00%
Zimbabwe	23	Low or Middle income	0,11%	98.93%
Swaziland	23	Low or Middle income	0,01%	98.93%
Bahamas	23	High Income	0,03%	95.37%
Botswana	23	Low or Middle income	0,01%	99.60%
Congo (Brazzaville)	22	Low or Middle income	0,01%	90.80%
Belize	22	Low or Middle income	0,01%	96.23%
Jamaica	22	Low or Middle income	0,03%	96.50%
Dominica	22	Low or Middle income	0,00%	98.73%
Gabon	21	Low or Middle income	0,04%	98.10%

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Fiji	21	Low or Middle income	0,00%	95.27%
Papua N. G.	21	Low or Middle income	0,10%	99.57%
St Lucia	21	Low or Middle income	0,03%	98.93%
Grenada	20	Low or Middle income	0,00%	94.97%
St. Kitts. & Nevis	20	Low or Middle income	0,00%	97.40%
Surinam	18	Low or Middle income	0,01%	96.83%
Fed. Micron.	10	Low or Middle income	0,00%	100.00%
Marshall Is.	10	Low or Middle income	0,00%	93.80%
Tonga	9	Low or Middle income	0,00%	86.87%
Cook Is.	8	Low or Middle income	0,00%	94.57%
Nauru	8	Low or Middle income	0,00%	97.73%
East Timor	7	Low or Middle income	0,00%	94.23%
Palau	7	Low or Middle income	0,00%	97.80%
Niue	6	Low or Middle income	0,00%	100.00%