

## **EU gives developing countries duty-free access with GSP+ - Brussels, 9 December 2008**

**The European Commission has decided to give 16 developing countries duty-free access to the EU market for around 6400 tariff lines, under the European Union's special incentive arrangement for sustainable development and good governance. The preferences, called GSP+, are in addition to the standard Generalised System of Preferences (GSP) extended to developing countries. GSP+ is offered to vulnerable developing countries that have ratified and effectively implemented 27 core UN and ILO conventions on human and labour rights, and other international conventions related to the environment and governance principles. As a result of the Commission's decision today, the GSP+ beneficiaries from 1 January 2009 until the end of 2011 will be: Armenia, Azerbaijan, Bolivia, Colombia, Costa Rica, Ecuador, El Salvador, Georgia, Guatemala, Honduras, Mongolia, Nicaragua, Paraguay, Peru, Sri Lanka and Venezuela. The eligibility of two of the countries, El Salvador and Sri Lanka, is currently the subject of an investigation by the European Commission into the implementation of certain UN and ILO conventions.**

EU Trade Commissioner Catherine Ashton said: "GSP+ is at the heart of our pro-development trade policy. The decision today ensures that sustainable development and good governance will continue to be rewarded."

GSP+ provides an important incentive to developing countries to ratify and effectively implement a broadly defined set of international standards in the fields of human rights, core labour standards, sustainable development and good governance. Experience shows that the incentive effect of the GSP+ is strong, as countries have made every effort to fulfil the requirements. GSP+ preferences are of real economic value to the beneficiary countries: in 2007 there was EUR 4.7 billion worth of trade under this scheme, with a nominal duty loss (compared to standard GSP rates) for the EU of over €357 million. The duty-free access means a considerable tariff reduction over the rates applied under the regular GSP scheme. Tariff cuts include tobacco (cut by up to 52%), various fruit juices (up to 30%), fruits (up to 20%), vegetables (up to 14%), fish (up to 20%) and honey (up to 17%).

Before making the decision on GSP+, the European Commission examined all applications submitted before the deadline of 31 October 2008. Applications were checked against the eligibility criteria set in the GSP Regulation, drawing as appropriate on the findings of the relevant international organisations for the conventions involved. As a result of the examination the list of GSP+ beneficiary countries for the period 2009 - 2011 has been established. Three countries will receive GSP+ benefits for the first time: Armenia, Azerbaijan and Paraguay. One previous beneficiary country, Panama, did not submit an application before the deadline. The new GSP Regulation provides an additional opportunity for applications in mid-2010, half-way through the life of the GSP Regulation 2009-2011.

Although El Salvador and Sri Lanka were included in the decision today, questions remain over the degree of effective implementation of certain UN and ILO conventions in these countries. The European Commission launched investigations in May (El Salvador) and October (Sri Lanka) in order to ascertain whether or not the two countries fulfil the conditions to continue to receive GSP+ preferences. While the investigations are ongoing the countries continue to receive preferential access, but depending on the findings they could be withdrawn from the scheme.

## **Background**

The EU's Generalised System of Preferences (GSP) is a trade arrangement through which the EU provides preferential access to the EU market to 176 developing countries and territories, in the form of reduced tariffs for their goods when entering the EU market. There is no expectation or requirement that this access be reciprocated. It is implemented by a Council Regulation applicable for a period of three years at a time. GSP covers three separate preference regimes:

- The standard GSP, which provides preferences to 176 Developing Countries and Territories on around 6400 tariff lines;
- The special incentive arrangement for sustainable development and good governance, known as GSP+, which offers additional tariff reductions to support vulnerable developing countries in their ratification and implementation of international conventions;
- The Everything But Arms (EBA) arrangement, which provides Duty-Free, Quota-Free access for all products for the 50 Least-Developed Countries (LDCs) on 7200 tariff lines.

[More on the GSP+ decision](#)