

EU temporarily withdraws GSP+ trade benefits from Sri Lanka

Brussels, 15 February 2010

EU Member States decided to withdraw preferential tariff benefits to Sri Lanka under a special incentive arrangement for sustainable development and good governance, known as GSP+. This decision follows an exhaustive investigation by the European Commission, which identified significant shortcomings in respect of Sri Lanka's implementation of three UN human rights conventions relevant for benefits under the scheme. The suspension of GSP+ benefits is temporary, as the overarching EU objective remains to use GSP+ as an incentive to underpin improvements in the human rights situation in Sri Lanka. The suspension will only take effect in six months time, giving Sri Lanka extra time to address the problems identified.

EU Trade Commissioner Karel De Gucht stated, *"I would like to emphasise that I hope Sri Lanka will sit with us over the next six months in order to agree upon a set of measures that will result in rapid, demonstrable and sustainable progress in relation to the human rights shortcomings we have identified."*

The EU remains open to a full dialogue with the government of Sri Lanka, above all to encourage it to take the necessary steps towards an effective implementation of GSP+-relevant human rights conventions. The EU will closely monitor and regularly re-evaluate developments in this area. Once sufficient progress has been made, the Commission will propose to EU Member States that the decision taken today be reversed and GSP+ benefits restored.

The decision to withdraw GSP + benefits from Sri Lanka has been taken in line with the proposal of the European Commission of December 2009.

The temporary withdrawal takes effect 6 months from now. At that time, Sri Lankan exports would revert to standard GSP preferences as provided for in the current GSP Regulation (732/08). These preferences will still be more generous for key Sri Lankan exports such as clothing than those provided by other major developed countries.

Background

"GSP+" is common shorthand for the "special incentive arrangement for sustainable development and good governance" which is one of three non-reciprocal, preferential import regimes for developing countries under the EU's Generalised System of Preferences (GSP). Under GSP+ the EU provides additional preferences – beyond standard GSP treatment – to economically vulnerable developing countries which have ratified and effectively implemented 27 international conventions in the fields of human and labour rights, sustainable development and good governance and which voluntarily apply for GSP+ benefits and accept the associated conditions. Sri Lanka is a current beneficiary of GSP+, along with 14 other Developing Countries. Like all other GSP+ beneficiaries, Sri Lanka committed to maintain its ratification and effective implementation of the 27 conventions when it applied for the scheme.

The decision to withdraw GSP+ from Sri Lanka is based on the findings of an exhaustive Commission investigation launched in October 2008 and completed in October 2009. This investigation relied heavily on reports and statements by UN Special Rapporteurs and Representatives, other UN bodies and reputable human rights NGOs and identified significant shortcomings in respect of Sri Lanka's implementation of three UN human rights conventions – the International Covenant on Civil and Political Rights (ICCPR), the Convention against Torture (CAT) and the Convention on the Rights of the Child (CRC) – effective implementation of which forms part of the substantive qualifying criteria for GSP+.

GSP+ relies on beneficiary countries' continuing to respect the substantive eligibility criteria for the scheme. If this no longer is the case, the relevant EC Regulation foresees that the Commission should undertake an investigation to clarify the situation, and then in the light of its findings, take appropriate action either to confirm the continuation of GSP+ benefits or to propose to EU Member States in the Council that they be temporarily withdrawn. In light of the findings of the investigation, the European Commission proposed a temporary withdrawal of Sri Lanka's benefits under GSP+, a measure which EU Member States in the Council today agreed to put in place.

Sri Lanka is a major beneficiary of the trading opportunities offered by GSP+. In 2008, EU imports from Sri Lanka under GSP+ totalled EUR 1.24 billion. The most important import products benefiting from these trade preferences were t-shirts and other clothing items, as well as fisheries products. After temporary withdrawal takes effect, EU imports from Sri Lanka will instead be subject to standard GSP preferential treatment, under which Sri Lanka would still enjoy preferential access to the EU market for its key export items such as clothing that is at least as generous as it presently enjoys in other major developed country markets.

[Read the implementing regulation](#)