

Annex 2: Stakeholder consultation

1. Background on the online public consultation

The open public consultation on the GSP and the defined reform options was open from 11 March 2020 to 15 July 2020. This Annex reports on the results of the online public consultation. Other stakeholder contributions were obtained during the preparation of the Impact Assessment Report. In particular, during the External Study, the consultant conducted interviews with key stakeholders, although these were heavily affected by the covid-19 pandemic. The number of stakeholders consulted by the consultant (excluding EU institutions, EU Member State governments, individuals and stakeholders requesting anonymity) was about 150. Results from the interviews and position papers that have been examined are heterogeneous and therefore they are referred to in the Report where necessary, but not summarised here.

2. Overview of respondents of the online public consultation

In total, 512 responses were submitted. Cleaning of the data involved the removal of a few duplicates as well as campaign contributions characterised by virtually identical responses made by different respondents. All contributions to one campaign were counted as one single contribution. The following campaigns were identified: Italian rice farmers (136 responses), Bangladesh footwear sector representatives (25), Myanmar's government (33), and EU plastics sector stakeholders (9).

After data cleaning, 309 different contributions remained. Even among these, however, there is a strong overrepresentation of contributions provided by individual Italian citizens (40 responses) which are similar in nature and highly critical of the GSP in general (along the lines of the rice farmer campaign responses). However, since these could not conclusively be identified as campaign responses, they were kept as individual contributions. When interpreting the survey responses, one should however keep in mind a possible bias. It goes without saying that the survey has no claim to representativeness – neither among EU nor GSP country stakeholders. Rather, it provides anecdotal information about views by stakeholders on the GSP and the different options being considered for the future EU GSP scheme.

Among the respondents, 54% are EU stakeholders, 41% from GSP countries, and the remaining 5% from other countries (including the UK). Among the EU respondents, 67 are based in Italy, 35 in Belgium, 12 each in Germany and Spain, 8 in France, 7 in the Netherlands, 6 in Sweden, 5 in Portugal, 2 each in Poland and Slovakia, and 1 each in Austria, Bulgaria, Czech Republic, Denmark, Finland, Greece, Hungary, Ireland, Latvia, Malta, and Slovenia. Among the GSP countries, most respondents are based in EBA countries expected to graduate from LDC status ("EBA-Grad"; 71 – mostly from Bangladesh and Myanmar), followed by Standard GSP (mostly from India) and GSP+ countries (mostly from Pakistan). Relatively few responses were provided by stakeholders in countries exiting the GSP (such as Sri Lanka or Armenia), as well as in EBA countries.

In terms of the type of respondent, the questionnaire provided for a fairly detailed disaggregation. According to this, "companies/business organisations" account for the largest share of responses (28%), followed by business associations (24%) and EU citizens (17%). For the purposes of further analyses of contributions, stakeholders were

grouped into broader types (Figure 2b), i.e., business interests (comprised of companies and business associations, 52%), citizens (EU and non-EU citizens, 21%), public sector (12%), civil society (NGOs, environmental and consumer organisations, and academia; 8%), and others (including trade unions; 7%).

3. Summary of responses

3.1. Views on the potential of international trade, and of the GSP, to contribute to poverty eradication

A majority of about 70% of respondents considers that international trade can make an important contribution to poverty eradication in developing countries (question C.1), and another 10% think that it can make a minor contribution; 17% think that it cannot contribute to poverty alleviation. Views in GSP countries are clearly more positive regarding the poverty alleviating role of trade: here, 92% of respondents state that trade can make an important contribution, compared to 52% of EU respondents; conversely, 19% of EU respondents do not believe that trade can help eradicate poverty, compared to 2% in GSP countries.

Disaggregated by type of respondent, citizens in the EU are more sceptical about international trade than organisations (roughly divided 50/50 about the role of trade for poverty alleviation), with the exception of “other” respondents including trade unions. Among the other organisations (business interests, civil society, and public sector), no notable differences in views exist. In GSP countries, a large majority (more than 90%) of any type of respondents views the role of international trade for poverty alleviation favourably.

Asked about how trade contributed to poverty alleviation (question C.2), most respondents pointed to the generation of employment and, in the long-term, skills development through exporting.

Conversely, respondents who do not believe in the poverty alleviating role of trade pointed to weak domestic structures in developing countries that would prevent effective poverty alleviation. Others also urged that trade can only play a positive role if “more emphasis [is] put on diversification and on value addition in beneficiary countries; and on avoiding perverse incentives of trade preferences that may cause harm to the attainment of the SDGs.”

3.2. Views on the use of the GSP to promote sustainable development and respect for human rights

To summarise the views held by stakeholders on the different impacts of the GSP on sustainable development and respect for human rights (questions D.1 and D.2), a simple indicator was constructed, whereby each response of a “strong positive impact” was assigned a value of 2, “somewhat positive impact” a value of 1, “somewhat negative impact” a value of -1, and “strong negative impact” a value of -2. All other responses (“no impact”; “I don’t know”) were assigned a value of zero. The indicator thus ranges from -2 (all respondents finding a strong negative impact) to +2 (all respondents finding a strong positive impact).

- On average, the GSP is viewed to have positive impacts across all areas asked about (indicated by positive indicator values);

- On average, no major differences in impact are seen across the various impact areas (all indicator values being close to 1), with the exception of the GSP's impact on combating corruption, where it is seen as substantially less successful (an indicator value of 0.48);
- Views held by respondents from GSP countries are markedly more positive than views held by EU respondents, across all impact areas. Particularly strong differences in views are observed with regard to the GSP's contribution to combating corruption, labour rights, human rights, combating money laundering and terrorism financing, and combating drug trafficking. The relatively strongest alignment of views is on effects of the GSP on migration, climate change resilience, protecting the environment and promoting low carbon development;
- EU respondents on average see only a marginal positive effect of the GSP on combating money laundering, labour rights, and human rights, and a negative effect of the GSP on combating corruption.

3.3. Views on the monitoring of compliance with the GSP

86% of all respondents consider it important for the EU to continue monitoring the level of implementation of the 27 international conventions by GSP+ beneficiary countries (questions E.1 and E.2), compared to 8% who consider it unimportant. There is no major variation across regions or types of respondents, with the exception that the share of respondents from GSP countries who consider monitoring “very” important is substantially smaller than in the EU (45% vs. 75%).

Respondents consider that a wide range of information sources (questions E.3 and E.4) provide useful information for the Commission's monitoring of the implementation of international conventions. The most relevant source, with some distance, are reports by the conventions' monitoring bodies, i.e., the UN, ILO, and other international organisations, followed by information provided by business and social partners in the beneficiary countries, and by NGOs. EU respondents place substantially more weight on NGOs, whereby GSP country respondents more heavily rely on information provided by the beneficiary country government, either published or provided directly to the EU in the monitoring process. While this is an interesting finding, it is partly explained by the fact that public sector respondents from beneficiary countries would be expected to put faith in themselves.

3.4. Views on the withdrawal of GSP benefits

Respondents are divided over the impact that the withdrawal of GSP preferences can have on the human rights or labour rights situation in beneficiary countries (questions F.1 and F.2): 37% of all respondents think it can have an important positive effect, whereas 31% think that it further worsens the situation on the ground. EU respondents hold positive views (49% state that withdrawal can make an important contribution, and another 15% that it can make a minor contribution), whereas a majority of 57% of respondents from GSP countries thinks that withdrawal has negative effects on the human/labour rights situation. Across types of respondents, public sector and business respondents are particularly sceptical. In addition, a large majority of civil society respondents from GSP beneficiary countries (70%; although based on a limited number of 10 responses) considers that withdrawal of preferences is damaging rather than helpful.

3.5. Views on beneficiary countries

54% of all respondents think that the GSP should have a tighter focus on countries “most in need” (questions G.1 and G.2), while 28% do not think this is the case. Majorities for stronger targeting are found both among EU respondents (65% vs. 21%) and respondents from GSP countries, although in the latter case it is only a small majority (40% vs. 34%). While in GSP countries there are no significant differences in responses across stakeholder groups, among EU respondents more targeting is particularly supported by citizens (76%) and businesses (67%), whereas a majority of civil society respondents (43% vs. 29%) is opposed to stronger targeting, and public sector respondents are evenly split (43% for and 43% against).

Proponents of stronger targeting noted that advanced or large developing countries already have competitive export industries and achieved some level of export diversification and should therefore continue to benefit from preferential access to the EU only on a reciprocal basis (i.e., under FTAs, not the GSP). It was also mentioned that the current list failed to duly take into account the level of vulnerability of some developing countries.

3.6. Views on product coverage for Standard GSP and GSP+ arrangements

A clear majority of respondents (67% compared to 22% who hold the opposite view) thinks that sustainable production can make an important contribution to poverty eradication and sustainable development (Figure 19). Respondents in the EU are more sceptical (58%) than those from GSP countries (77%). The only group across all regions and respondents where a majority does not believe in the positive contribution of sustainable production, are EU citizens; among the 50 respondents, 28 (56%) hold this view, compared to 18 (36%) agreeing with the overall majority; the caveat made in the introduction on the potential bias among individual EU respondents is recalled.

When asked whether the GSP product coverage should be expanded (questions H.3-5), an overall majority of 52% (vs. 35% who oppose) favoured this idea, but responses vary significantly across regions: among EU respondents, 59% oppose the expansion of product coverage (28% are in favour). Among respondents from GSP countries, the opposite view is held (across all stakeholder groups): 81% are in favour and 8% against. Among EU respondents, the only group that overall favours the extension is civil society, but even among this group support is relatively limited, with 3 out of 8 respondents remaining neutral.

3.6. Views on product graduation

51% of all respondents support the continuation of product graduation in the future GSP (questions I.1 and I.2), compared to 24% who would abolish it (25% have no opinion). Support for the continuation is stronger among EU respondents (55%) than among respondents from GSP countries (45%); also, a larger share of EU respondents is undecided (32%, compared to 18% in GSP countries).

Some opponents of product graduation comment that some developing countries' exports are highly concentrated, and that if these products graduate the negative impact affects the whole economy. Another comment was that the three-year period is not sufficient to establish that a sector has really become competitive and should be extended to five

years. EU respondents expressing views against product graduation pointed to the need for predictability of the system and argued that graduation is detrimental to it.

Respondents in favour of maintaining product graduation commented that it is necessary to maintain a fair trading environment. Globally competitive exporters should therefore not benefit from unilateral preferences – especially industries which have been set up in countries with the primary objective of benefitting from preferences. Some respondents also argued that graduation is in the interest of developing countries as it helps diversify exports and thereby avoid getting too reliant on few export products.

3.7 Views on country graduation

Questions in this section focussed on the transition period (of currently 3 years) during which countries that are graduating from LDC status continue to export under EBA preferences from the date of LDC graduation (questions J.1 and J.2).

Respondents' views on this issue are split: about one third (32%) thinks the period should be extended, another third (32%) suggests keeping it at the current three years, and almost another third (27%) favours reducing it. Views of EU respondents widely differ from those of respondents from GSP countries: among the former, 45% are in favour of shortening the transition period and only 10% want to extend it, whereas in GSP countries 58% are in favour of an extension and only 6% in favour of a reduction.

3.8. Views on GSP safeguard mechanisms

67% of respondents agree that safeguards should be provided in the GSP regime, even if they may have negative effects for exporters (questions K.1 and K.2). As is to be expected, this view is held more widely among EU respondents (80%). This figures clearly show that from EU perspective the correct definition and implementation of safeguards measures are very important to avoid negative effects in EU businesses competitiveness (These safeguard mechanisms are particularly relevant for middle income countries like India and Indonesia) with 56% strongly agreeing to this view) – but even among a majority of respondents from GSP countries (53%, with 10% strongly agreeing). Across types of respondents, EU citizens but also public sector and business respondents strongly advocate for safeguards, whereas civil society respondents are least convinced – although a simple majority of those who expressed a view favour safeguards.

Among stakeholders in GSP countries, opposition to safeguards is strongest among citizens and civil society representatives, whereas a majority of businesses support safeguards.

Opponents of GSP safeguards highlighted the potential negative impacts of safeguards in exporting countries, while proponents referred to the need of safeguards for the GSP to attain the third objective of the GSP reform, i.e., avoid detrimental effects for EU producers.