

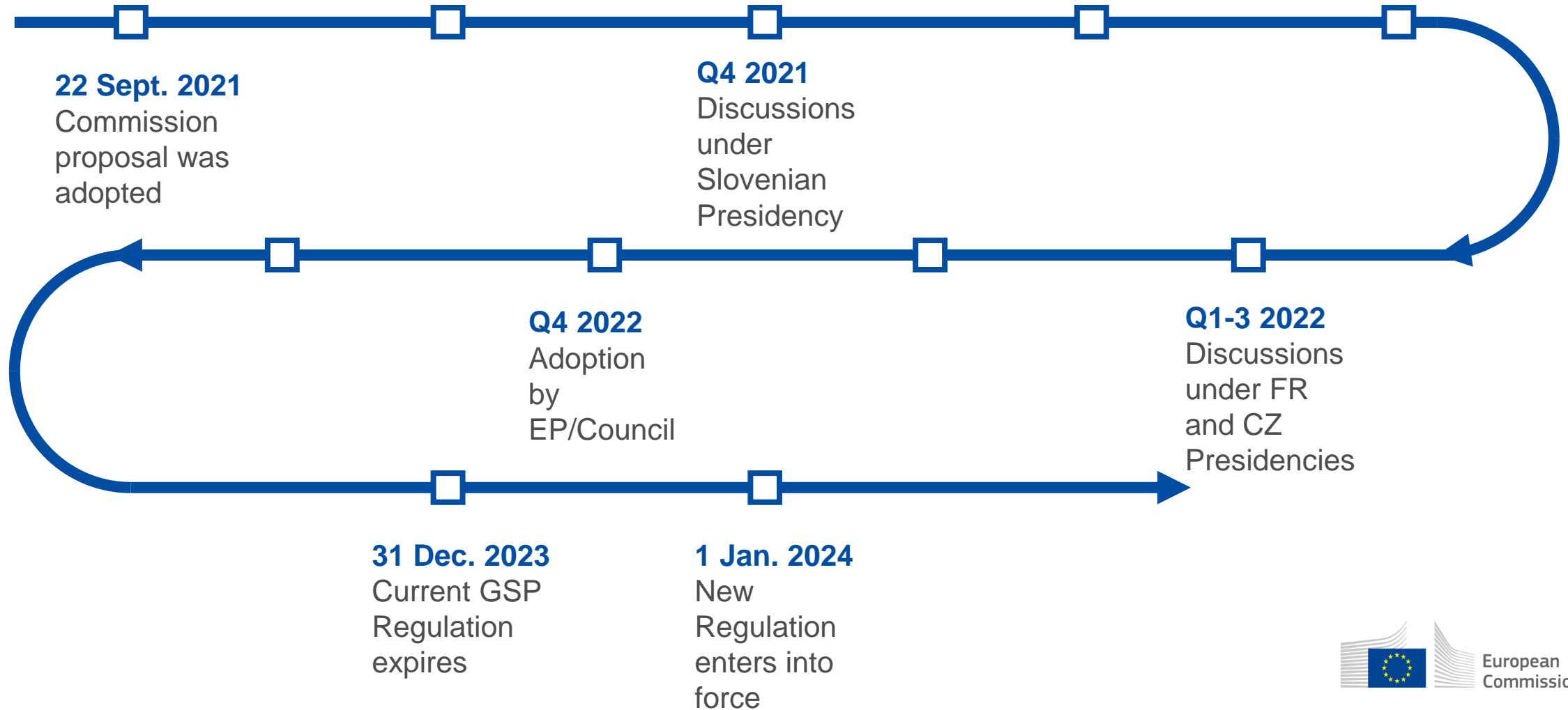


Review of the EU Generalised Scheme of Preferences (GSP)

CSD, 8 March 2022

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GSP Review tentative Timeline



The GSP review

The Commission's proposal for a new GSP Regulation is based on:

- The 2018 **Mid-term Evaluation (MTE)** of the current GSP Regulation. The MTE concluded that, overall, the GSP was delivering on its objectives and there was no need to amend the Regulation before its expiry on 31 December 2023. However, the MTE made several recommendations to improve the effectiveness and efficiency of the scheme.
- The **open public consultation** on the GSP and its proposed reform that was open from 11 March 2020 to 15 July 2020
- The 2021 **External Study** supporting the **Impact Assessment Report**
- The 2021 **Impact Assessment Report (IAR)** made public with the Commission proposal

GSP Review | objectives and issues

Poverty eradication

- Growing number of LDCs expected to graduate from EBA
- Up-to-date country and product list

Avert harm to EU industry

- Examine safeguard mechanisms



Sustainable development

- Reflect European Green Deal priorities
- Improve the withdrawal procedure, monitoring and transparency

Targeted changes for a modernised, predictable GSP



*There is compelling evidence that the GSP framework is **successful** in delivering on its main development and sustainability objectives. Therefore, the proposal for a new GSP Regulation provides **continuity** and maintains the essential features of the scheme. We aim to **fine-tune** the way the GSP works and improve its efficiency and effectiveness to respond to future challenges.*

GSP Review | Thematic Clusters

Arrangements and countries

- Same 3-tier structure
- Adjusted vulnerability criteria for GSP+ to ensure LDCs access
- Revised eligible country list

Safeguards

- Safeguard mechanisms stay as exceptional measures
- Modified calculation base for import surges (value not volume)
- Aligned with product graduation

Transparency and monitoring

- 3 years GSP+ monitoring cycle
- based on wide range of sources

Products

- Generous product coverage
- Adjusted product graduation thresholds
- Rules of origin/Cumulation provision

Conditionality

- Updated list of conventions
- Extended negative conditionality
- Transition period for GSP+ reapplication
- More flexible withdrawal
- Withdrawal factors in socio-economic assessment



Arrangements and countries



- ✓ Keep the **three-tier** structure (Standard GSP, GSP+, EBA arrangements) - differentiate benefits based on needs and engagement of the country
- ✓ Amend the **GSP+ vulnerability criteria** (*Annex V*; remove the limited export competitiveness criterion, maintain lack of export diversification criterion) - facilitate access for the large number of countries scheduled to graduate from LDC status over the lifetime of the next GSP Regulation
- ✓ Amend the **list of eligible countries** (*Annex I*; exclude Russia, China, Hong Kong, and Macao) - GSP benefits limited to developing countries with similar trade, financing, and development needs

Products



- ✓ Retain the **generous product coverage** and **targeted product graduation mechanism** for Standard GSP beneficiaries
- ✓ Reduce **product graduation thresholds** (*Annex IV*; by 10 percentage points) – to better focus preferences on less competitive products and countries;
- ✓ Introduce specific conditions for **cumulation** of rules of origin (*Art. 33.3 and .4*) – to ensure cumulation responds to the requesting country's development, financing, and trade needs

Conditionality Withdrawal of preferences

- ✓ **Extend negative conditionality** (*Art. 19.1(a)*) to *environmental and good governance conventions*, in addition to the conventions on human and labour rights – to contribute to the European Green Deal objectives
- ✓ Introduce **an urgent withdrawal procedure** to provide a rapid response for exceptionally grave violations for negative conditionality (*Art. 19.16 and .17*: shorter process from 18 to 7 months, preserve monitoring and analysis of impact)
- ✓ introduce a **link to migration management** (*Art. 19.1 (c)*) and in particular **readmission**, through additional grounds for withdrawal

Conditionality



- ✓ **Update the list of international conventions** in a targeted and manageable way (six new conventions *in Annex VI*)
 - Paris Agreement on Climate Change
 - Convention on the Rights of Persons with Disabilities
 - Optional Protocol to the Convention on the Rights of the Child on the Involvement of Children in Armed Conflict
 - ILO Convention No 81 on Labour Inspection
 - ILO Convention No 144 on Tripartite Consultation
 - UN Convention against Transnational Organised Crime.

Conditionality



- ✓ Provide current GSP+ beneficiaries with a two-year **transitional period** (*Art. 10.8*) to:
 - Ratify additional conventions
 - Provide a **plan of action** for their implementation (*Art. 9.1 (d)*; new requirement), and
 - Re-apply for the GSP+ arrangement
 - While aiming to provide a well targeted development cooperation assistance to the countries concerned

Transparency and monitoring

✓ Improve transparency and GSP+ monitoring

- Clearly describe the monitoring process and the role of civil society in separate communication material
- Extend the GSP monitoring cycle from 2 to 3 years (*Art. 14 and 40*) - to better align with international monitoring bodies' reporting cycles and allow more time for monitoring
- Integrate the recently created Single Entry Point (SEP) mechanism
- Recognise wide range of sources used in the monitoring

Safeguards



- ✓ The **safeguard mechanisms** remain exceptional measures
- ✓ Technical adjustments to reduce administrative burden and improve product targeting:
 - automatic safeguard thresholds based on **import value** instead of volume (*Art. 29.1*)
 - align automatic safeguard **thresholds** with product graduation mechanism thresholds

Thank you



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