

# Generalised scheme of tariff preferences (GSP): rules for the application of the GSP scheme for the period from 1 January 2009 to 31 December 2011

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The Commission presents a report on the status of ratification and recommendations by monitoring bodies concerning conventions listed in Annex III to Council Regulation (EC) No 732/2008 applying a scheme of generalised tariff preferences pursuant to Article 8(3) of this Regulation. It recalls that the GSP has three types of arrangements for beneficiaries: the general arrangement, the special incentive arrangement for sustainable development and good governance (hereinafter referred to as the 'GSP+') and the 'Everything But Arms' (EBA) initiative.

**The GSP+:** the GSP+ arrangement offers additional tariff reductions, on top of those available under the general GSP, to a selected group of developing countries that are vulnerable due to a lack of diversification in traded goods and insufficient integration into the international trading system. To qualify for GSP+, they have to ratify and implement specified core international human, labour, environmental and good governance conventions. The report describes the status of ratification and effective implementation of the Conventions listed in Annex III by 16 GSP+ beneficiary countries: Armenia, Azerbaijan, Bolivia, Colombia, Costa Rica, Ecuador, El Salvador, Georgia, Guatemala, Honduras, Mongolia, Nicaragua, Panama, Peru, Paraguay and Sri Lanka.

In comparison with the previous GSP+ arrangement, for the years 2006-2008, there were three new countries covered by GSP+ preferences: Armenia, Azerbaijan and Paraguay. Moldova and Venezuela ceased to be beneficiaries. In March 2008, Moldova was removed from the list of beneficiary countries as it was granted autonomous preferences under a separate EU legal instrument. In August 2009, Venezuela was removed from the list of beneficiary countries<sup>5</sup> as it did not ratify the United Nations (UN) Convention against Corruption. Panama did not submit an application for the GSP+ by the 31 October 2008 deadline, so it did not benefit from the GSP+ arrangement from 1 January 2009 to 30 June 2010. As of 16 August 2010, the GSP+ arrangement was temporarily withdrawn from Sri Lanka

**Human Rights Conventions:** the report states that beneficiary countries generally comply with requirements regarding the effective implementation of human rights conventions. However, there were delays on the part of most countries in reporting to UN monitoring bodies. Nevertheless, monitoring bodies noted a number of positive developments, including the adoption of legislative and policy measures taken with a view to implementing conventions. They welcomed these positive developments and recommended strengthening efforts to bring domestic law into full compliance with the relevant conventions. At the same time, the monitoring bodies drew attention to certain shortcomings concerning legislative alignment with the conventions, and their implementation in practice. The Commission is using its bilateral dialogues to monitor the progress made by beneficiary countries to comply with the requirements of the conventions and to catalyse further progress. Action will be taken if justified, as was done in the case of Sri Lanka.

In 2008, information received by the Commission indicated that the national legislation of Sri Lanka incorporating international human rights conventions, in particular the International Covenant on Civil and Political Rights, the Convention against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment and the Convention on the Rights of the Child, was not being effectively implemented. The

Commission initiated an investigation and concluded that Sri Lanka was not effectively implementing these three conventions. On 15 February 2010, the Council decided to temporarily withdraw GSP+ preferential tariff benefits with respect to Sri Lanka. The special incentive arrangement for products originating in Sri Lanka should be re-established if the reasons justifying the temporary withdrawal no longer prevail. The temporary withdrawal took effect on 16 August 2010.

**Labour Rights Conventions:** beneficiary countries generally comply with the requirements regarding the effective implementation of core ILO labour standards, as set out in the fundamental ILO conventions. However, shortcomings in the implementation of some conventions have been reported by ILO monitoring bodies, especially regarding the implementation of the Conventions No 87 and 98, but also Conventions No 100, 111, 138 and 182. Notwithstanding these issues, the monitoring bodies recognise the constructive engagement of beneficiary countries in the monitoring process, and the Commission is using its bilateral dialogues to monitor the progress beneficiary countries are making to comply with the requirements of the conventions. Action will be taken if justified.

On 31 March 2008 the Commission initiated an investigation to establish whether the national legislation of El Salvador still incorporated the ILO Convention No 87; and whether that legislation was being effectively implemented. The findings of the investigation did not justify temporary withdrawal of the special incentive arrangement. The investigation was therefore terminated.

**Environmental protection and Good Governance Conventions:** according to reports issued by the monitoring bodies, the compliance with environmental and good governance conventions was generally satisfactory. However, there still are some shortcomings in terms of reporting obligations. Again, the Commission is using its bilateral dialogues to monitor progress by beneficiary countries.

**GSP+ Dialogue:** the Commission intends to maintain, and, wherever necessary, to intensify its bilateral dialogue with individual GSP+ countries so as to encourage ongoing progressive improvement in the implementation of GSP+ conventions.