Scheme of generalised tariff preferences (GSP)

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This biennial report assesses the effects of the Generalised Scheme of Preferences ('GSP') during the years 2016-2017, with a focus on the performance of GSP+ beneficiaries.

The GSP has three different trade preference arrangements: (i) the general arrangement (**Standard GSP**) (23 Standard GSP beneficiaries during the reference period); (ii) the special incentive arrangement for Sustainable Development and Good Governance (**GSP+**) (10 GSP+ beneficiaries); (iii) the **special arrangement Everything But Arms** (**EBA**) grants full duty-free, quota free access for all products except arms and ammunition to countries classified by the UN as Least Developed Countries (LDCs) (49 EBA beneficiaries).

In 2016, **EUR 62.6 billion** of imports entered the EU under GSP preferences, divided as follows:

- EUR 31.6 billion from Standard GSP countries;
- around EUR 7.5 billion from GSP+ beneficiaries;
- EUR 23.5 billion from EBA countries.

The two countries that took up the largest part of all EU imports from GSP beneficiaries (including non-GSP imports) are **India and Vietnam** – both Standard GSP beneficiaries. The third largest is Bangladesh, an EBA beneficiary

The GSP+ beneficiaries: GSP+ is one of the EU's primary tools to promote sustainable development in vulnerable developing countries. GSP+ countries benefit from easier trade with the EU, with the condition that they effectively implement the **27 core international conventions** on human and labour rights, environmental protection and good governance.

The 2016-2017 reporting period covers **10 GSP+ beneficiaries**: Armenia, Bolivia, Cabo Verde, Georgia, Kyrgyzstan, Mongolia, Pakistan, Paraguay, the Philippines and Sri Lanka.

Kyrgyzstan became a GSP+ beneficiary shortly after the start of the reporting period (January 2016). **Sri Lanka re-entered GSP+** in May 2017, after having been removed in 2010. Georgia ceased to benefit from GSP+ on 1 January 2017, as it obtained preferential market access under a Deep and Comprehensive Free Trade Agreement (DCFTA) with the EU. Classified for three consecutive years by the World Bank as an upper middle income country, **Paraguay** will leave GSP+ on 1 January 2019.

The GSP+ monitoring missions: GSP+ monitoring uses two inter-related tools. The first is the **'scorecard'**, which is a list of the most salient shortcomings identified by the respective international monitoring bodies (or any other accurate and reliable source) for each convention.

The second tool is the **'GSP+ dialogue'** including the GSP+ monitoring missions, through which the EU engages with authorities in a frank and open discussion on identified shortcomings and remedial actions.

During the 2016-2017 reporting period, the Commission and the EEAS performed **monitoring missions** in Armenia, Bolivia, Cabo Verde, Kyrgyzstan, Mongolia, Pakistan, Paraguay, the Philippines and Sri Lanka.

- In **Armenia**, the monitoring mission proved to be a valuable means of involving local civil society.

- In the absence of recent reports to the UN and ILO, the monitoring mission to **Cabo Verde** was crucial to collect the information needed for EU's assessment.
- The monitoring mission to the **Philippines** was an opportunity for the EU to express its concerns on recent human rights developments, while also recognising progress on labour rights and socio-economic policies.
- In **Paraguay and Bolivia**, the issue of child labour was openly discussed with the participation of all relevant stakeholders, including the ILO and UNICEF.
- **Georgia** features for the last time as it has phased out of the GSP+ due to its DCFTA with the EU
- In **Mongolia**, GSP+ dialogue and support provided through an EU-funded ILO project encouraged Mongolia to revise its Labour Law. Mongolia approved a National Program on Gender Equality.
- In **Sri Lanka**, the first monitoring mission found that, overall, the country is making progress in implementing the 27 conventions. However, more efforts are needed to address the prevalent use of torture.
- In **Pakistan**, the EU-funded capacity building initiative has enabled federal and provincial labour departments to improve their reporting on the ratified ILO Conventions. The ILO workshops contributed to strengthening the social dialogue.

Main results: during the present monitoring cycle, GSP+ beneficiaries were urged to increasingly take ownership of the implementation of the 27 conventions and to be more proactive in addressing the issues listed in the scorecards and raised during the GSP+ monitoring missions.

Overall, the **GSP+ monitoring provided a structured approach and a solid basis for the assessment of each GSP+ beneficiary**, building on the findings of UN and ILO monitoring bodies and on information provided by third parties, including civil society, social partners, the European Parliament and the Council.

At the same time, the **Human Rights Dialogues** provided a platform to discuss GSP+ related human rights issues. GSP+ has **improved synergies** and led to a mutually reinforcing leverage of the two tools.

By the end of 2019, the Commission will submit its third biennial report on GSP to the European Parliament and the Council, with a particular focus on evaluating trends in all GSP+ beneficiaries.