Parliament backs new EU trade preferences for countries in need

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The EU's trade preference scheme for developing countries as of 1 January 2014 was voted into law by MEPs on Wednesday. Parliament backed plans to take high and upper-middle income countries out of the scheme, so that more can be done for poorer ones. MEPs also secured parliamentary oversight of decisions on which countries get preferences, stiffened safeguards for the EU textiles sector and extended product coverage to include minerals of particular value for some developing countries.

The updated generalised system of preferences (GSP) removes tariff preferences, such as today's reduced or zero duties, for EU imports from countries where per capita income has exceeded $US 4,000 for four years, reflecting the fact that many GSP beneficiaries (including Russia, Brazil and Saudi Arabia) now compete on an equal footing with the EU in world markets. The update was approved with 503 votes in favour, 107 against and 37 abstentions.

"The Parliament has focused on making the system more transparent, more predictable and more generous for the countries that remain in it", said Christofer Fjellner before the vote, adding his hope that in 10 years, when the Parliament will next update the scheme, "we will have even fewer countries participating in GSP scheme — because there will be fewer poor countries in the world due to benefits that this system has brought them".

The update will reduce the number of countries that enjoy preferential access to EU markets from 176 to around 75. It will also reduce the total value of imports that qualify for EU preferences from €60 billion in 2009 to about €37.7 billion in 2014, thus creating room to increase preferences for the remaining beneficiaries.

More imports to qualify for GSP+

The new rules will enable 3 new countries — Pakistan, the Philippines and Ukraine — to apply for zero EU duties to be charged on their exports to the EU under the "GSP+" incentive scheme. To qualify, these exports would have to account for less than 2% of the EU's total GSP imports (up from 1% today) and the countries would have to prove that they abide by 27 international conventions in the field of human rights and sustainable development.

But safeguards for EU textiles and garments

However, to ensure that the GSP+ concession does not lead to import surges that harm EU textile and clothing producers, MEPs negotiated with the Council a rule that tariff preferences for these products will be suspended for a given country if EU imports from that country grow by 13.5% or more in a year (down from the Commission proposal of 15%), or if imports of specific products exceed 6% of total EU imports of these products (down from the Commission proposal of 8%).

Including valuable minerals

MEPs also voted to extend the range of products covered by the GSP to include some raw metals (aluminium oxide, lead, cadmium and others), that are of particular value to countries (most in Africa) that would remain in the GSP scheme.

New EU scheme

'Pakistan to pay zero export tariffs'

ISLAMABAD: Commenting on the European parliament vote to support a new European Union (EU) trade preference scheme for developing countries Sajjad Karim, British Conservative MEP and Legal Affairs spokesperson, said the new scheme will allow Pakistan to apply for zero EU duties to be charged on their exports.

The updated generalized system of preferences (GSP) allows countries such as Pakistan to pay lower or zero export tariffs on their goods sold to the EU.

In a statement received from Brussels here on Friday he said trade is the engine of growth and now the new EU trade scheme is more predictable and generous to countries that are more deserved.

The new scheme will allow Pakistan to apply for zero EU duties to be charged on their exports if they reciprocate by abiding by 27th international conventions in the field of human rights," he added.

The new EU trade scheme will reduce the number of countries that enjoy preferential access to EU markets from 176 to around 75 thus creating room to increase preferences for the remaining beneficiaries. Furthermore the GSP+ scheme will contribute to the promotion of human rights, democracy and freedom of speech in the developing world.

Sajjad Karim, the Chairman of the European Parliament Friends of Pakistan Group, a long term advocate for stronger ties between the EU and Pakistan, said," The European Parliament Friends of Pakistan group has been campaigning to increase the threshold of the GSP+ scheme to allow Pakistan to enjoy more trade with the EU."

He also dismissed the few MEPs' who called for Pakistan not to be included in the trade scheme in a European Parliament debate. "The clear long term strategy is for the EU and Pakistan to cooperate on a wide range of issues including trade, security and policy", he opined

The EU-Pakistan Five Year engagement plan and the recent successful launch of the first strategic dialogue in Islamabad this month with Baroness Ashton is clear evidence of that," he said.—APP

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EU trade scheme termed generous

ISLAMABAD, June 15: Commenting on the European Parliament vote to support a new European Union (EU) trade preference scheme for developing countries, British Conservative MEP (Member of the European Parliament) and Legal Affairs spokesperson, Sajjad Karim said the new scheme would allow Pakistan to apply for zero EU duties to be charged on their exports.

The updated Generalised System of Preferences (GSP) allows countries, such as Pakistan to pay lower or zero import tariffs on their goods sold to the EU.

In a statement received here from Brussels on Friday, he said trade is the engine of growth. And now the new EU trade scheme is more predictable and more generous to countries that are more deserved.

Sajjad Karim, who is also Chairman of the European Parliament Friends of Pakistan Group, a long-term advocate for stronger ties between the EU and Pakistan, said," the European Parliament Friends of Pakistan group has been campaigning to increase the threshold of the GSP+ scheme to allow Pakistan to enjoy more trade with the EU."

He also dismissed the few MEPs who called for Pakistan not to be included in the trade scheme in a European Parliament debate.

"The clear long term strategy is for the EU and Pakistan to cooperate on a wide range of issues, including trade, security and policy.—APP

EU GSP plus scheme to help boost exports

By Amin Ahmed

ISLAMABAD, June 15: Pakistan has welcomed European Parliament's recent approval of the amended incentives scheme of Generalised System of Preferences (GSP) which would enable Pakistan to apply for zero duties on its exports to EU countries.

The ministry of commerce, in a statement on Friday, said that in case Pakistan is able to meet all the criteria for GSP plus, its exports to the EU under concessionary tariff lines would receive duty-free treatment from 2014 onward.

Together with Pakistan, the Philippines and Ukraine will also qualify for more imports under the scheme.

To qualify for new rules, exports from Pakistan to EU countries would have to account for less than 2 per cent of the EU's total GSP imports which is now one per cent. Pakistan, the Philippines and Ukraine would also have to prove that they abide by 27 international conventions in the field of human rights and sustainable development, according to new legislation.

EU had earlier in 2002 given exports from Pakistan concessionary access to EU market which lasted for three years and since then Pakistan had been pleading its case with the European community. The EU Parliament's plenary session which approved the amended incentive scheme, discussed the issue of safeguarding EU textiles and garments, decided that to ensure that the GSP+ concession does not lead to import surges that harm EU textile and clothing producers.

Members of the EU parliament negotiated with the EU Council a rule that tariff preferences for these products will be suspended for a given country if EU imports from that country grow by 13.5 per cent or more in a year, down from the Commission proposal of 15 per cent, or if imports of specific products exceed 6 per cent of total EU imports of these products, down from the EU Commission's proposal of 8 per cent.

The EU's updated trade preference scheme for developing countries will come into force from Jan 1, 2014.

The Parliament backed plans to take high and upper-middle income countries out of the scheme, so that more can be done for poorer countries.

EU parliament members also secured parliamentary oversight of decisions on which countries get preferences, stiffened safeguards for the EU textiles sector and extend product coverage to income from minerals of particular value for some developing countries.

This is the first time that EU Parliament has exercised its power, introduced by the 'Lisbon Treaty', to legislate on the GSP.

The GSP plus incentive scheme has been voted to law for 10 years. Proceedings of EU Parliament plenary session in Strasbourg state that "the updated generalised system of preferences removes tariff preferences, such as today's reduced or zero duties, for EU imports from countries where per capita income has exceeded $4,000 for four years, reflecting the fact that many GSP beneficiaries now compete on an equal footing with the EU in world markets."

"By providing preferential access to the market of the Union, the scheme should assist developing countries in their efforts to reduce poverty and promote good governance and sustainable development by helping them to generate additional revenue through international trade, which can then be re-invested for the benefit of their own development and, in addition, to diversify their economies.

"The scheme's tariff preferences should focus on helping developing countries having greater development, trade and financial needs," explains the EU parliament decision.

The update will reduce the number of countries that enjoy preferential access to EU markets from 176 to around 75. It will also reduce the total value of imports that qualify for EU preferences from 60 billion euros in 2009 to about 37.7 billion euros in 2014, thus creating room to increase preferences for the remaining beneficiaries.

Member parliaments negotiated a rule to ensure that Parliament will have power of veto over any changes in country coverage, product coverage, import thresholds or temporary withdrawals of GSP preferences which currently apply to Belarus and Myanmar.