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PAKISTAN'S GSP+ AT A CROSSROADS: A CRITICAL READING OF THE EU'S 2023-2025 ASSESSMENT

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(Views expressed in the brief are those of the author, and do not represent those of ISSI)

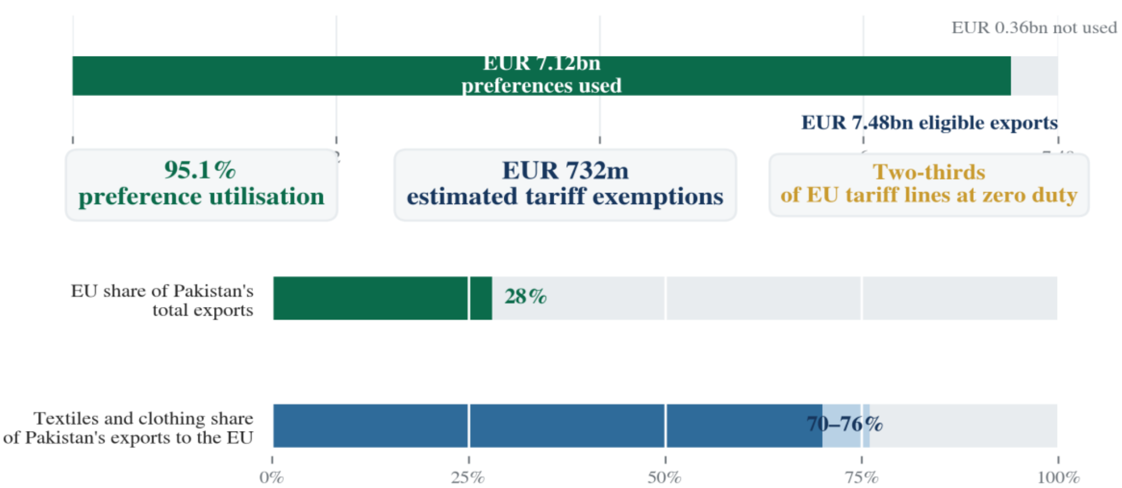
The European Commission and the EU High Representative's latest review of the Generalised Scheme of Preferences (GSP), accompanied by a country assessment of Pakistan for 2023-2025, presents a mixed but qualified assessment. It recognises Pakistan's continued legislative and institutional progress, while maintaining that constraints on implementation have limited outcomes in several areas.[1] This is consequential because GSP+ is not merely a diplomatic label. It is the framework through which Pakistan receives zero-duty access on approximately two-thirds of EU tariff lines in return for implementing international conventions on human rights, labour rights, environment, climate and good governance. The assessment is therefore best approached as a basis for constructive engagement: Pakistan's commitment to these objectives is evident, but the extent of its fiscal, administrative, security, developmental and federal-provincial constraints must remain central to any fair appraisal.

[1] European Commission and High Representative of the Union for Foreign Affairs and Security Policy, "Joint Report to the European Parliament and the Council on the Generalised Scheme of Preferences Covering the Period 2023-2025," JOIN (2026) 16 final, July 16, 2026. https://ec.europa.eu/transparency/documents-register/detail?lang=en&ref=JOIN%282026%2916; European Commission, "The EU Special Incentive Arrangement for Sustainable Development and Good Governance (GSP+) Assessment of the Islamic Republic of Pakistan Covering the Period 2023-2025," SWD(2026) 184 final, July 16, 2026. https://ec.europa.eu/transparency/documents-register/detail?lang=en&ref=SWD%282026%29184

The commercial stakes are substantial. In 2024, Pakistan exported EUR 7.48 billion in GSP+-eligible products to the EU, used preferences on EUR 7.12 billion, achieved a 95.1% utilisation rate, and received an estimated EUR 732 million in tariff exemptions. The EU absorbed 28% of Pakistan's exports, while textiles and clothing constituted roughly 70-76% of exports to the European market.[2] The EU assessment should therefore be taken seriously, but not to be sensationalised as an imminent withdrawal of concessions. Under the revised EU regulation applying from January 2027, existing beneficiaries must reapply, yet they retain preferences during a two-year transition ending in 2028.[3] Pakistan has a reform window, not a trade cliff.

Figure 1 | Pakistan's GSP+ Trade Exposure and Preference Use, 2024

High preference utilisation coexists with substantial market and sector concentration.



Note: The two percentage bars use different denominators and are shown together only to illustrate market exposure and sector concentration.

Source: European Commission, GSP+ Assessment of Pakistan, SWD(2026) 184 final, pp. 1–3.

It is equally important not to confuse compliance conditionality with ordinary trade-defence measures. The EU's two-year suspension of GSP+ preferences for Pakistani non-fuel ethanol, effective from June 2025, followed a finding of disturbance in the European market rather than a judgment on Pakistan's implementation of human-rights conventions. Product safeguards and country eligibility operate through different legal tracks. Conflating them would exaggerate the political character of every EU measure and obscure the specific reforms needed for reapplication.[4]

2 European Commission, "GSP+ Assessment of the Islamic Republic of Pakistan," SWD(2026) 184 final, 1-3. https://ec.europa.eu/transparency/documents-register/detail?lang=en&ref=SWD%282026%29184

3 European Commission, "Questions & Answers on the New EU Generalised Scheme of Preferences," accessed July 23, 2026. https://policy.trade.ec.europa.eu/development-and-sustainability/generalised-scheme-preferences/questions-answers-new-eu-generalised-scheme-preferences_en

4 European Commission, Implementing Regulation (EU) 2025/1206 of June 19, 2025, on the suspension of GSP+ tariff preferences for imports of ethanol originating in Pakistan.

Where the assessment aligns with Pakistan's reform priorities

The report's key observation concerns the gap between policy and implementation. Pakistan has consistently demonstrated commitment through the ratification of conventions, enactment of legislation, creation of commissions and adoption of national and provincial action plans. Translating these measures into uniform and measurable outcomes, however, has been constrained by limited fiscal space, uneven administrative capacity, data gaps, institutional resource shortages and the complexities of federal-provincial coordination. Similar constraints have been identified by Pakistani institutions, including the National Commission for Human Rights (NCHR). The central issue is therefore not an absence of commitment, but the need to match policy ambition with capacity, resources and sustained implementation.

The assessment also records gains that should not be understated. Pakistan retained ratification of all 27 conventions applicable during the review period. The NCHR obtained "A status" accreditation; the scope of capital punishment was reduced while the moratorium on executions continued; implementing rules were adopted for the anti-torture law; domestic-violence and child-marriage legislation advanced; and the first marital-rape conviction marked an important judicial precedent. Pakistan also ratified the 2014 Protocol to the ILO Forced Labour Convention, developed provincial child-labour action plans, improved environmental reporting, and updated climate and hazardous-waste frameworks.[5] These measures demonstrate that Pakistan's engagement under GSP+ has reinforced a domestically driven reform trajectory and provide clear evidence of sustained national commitment.

At the same time, several observations concern areas that Pakistan itself has long identified as national priorities. Bonded labour remains widespread despite decades-old prohibitions; the NCHR has estimated that more than three million people are affected.[6] Its persistence reflects not only enforcement gaps but also poverty, informality, limited administrative reach and capacity pressures on provincial institutions. Labour inspection remains severely under-resourced, child labour is embedded in agriculture and informal production, unionisation is below 5%, and labour courts face large backlogs. The ILO's finding that women in wage employment earn approximately 25-30% less

https://eur-lex.europa.eu/eli/reg_impl/2025/1206/oj

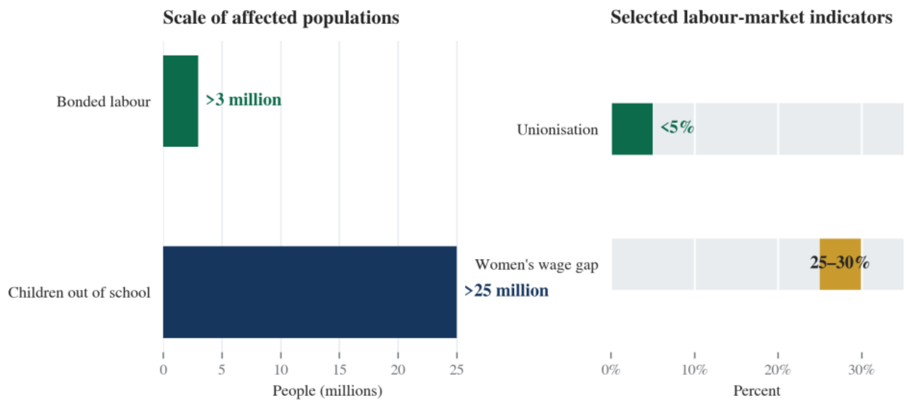
5 European Commission, "GSP+ Assessment of the Islamic Republic of Pakistan," SWD(2026) 184 final, 1, 4-14. https://ec.europa.eu/transparency/documents-register/detail?lang=en&ref=SWD%282026%29184

6 National Commission for Human Rights Pakistan, The Issue of Bonded Labour in Pakistan (Islamabad: NCHR, 2023). https://nchr.gov.pk/wp-content/uploads/2023/08/Bonded-Labour-Report.pdf

than men further illustrates the economic cost of these structural constraints.[7] Likewise, with over 25 million children out of school, expanding compulsory education is not merely a response to external conditionality; it is a constitutional, social and economic imperative tied to eliminating child labour, developing human capital and improving export competitiveness.[8]

Figure 2 | Selected Labour and Social Implementation Pressures

The figures identify the scale of selected enforcement and human-capital challenges.



Note: Bars marked ">" or "<" show reported lower or upper bounds. Panels use different units and populations; the indicators should not be summed.

Sources: European Commission, SWD(2026) 184 final; National Commission for Human Rights Pakistan (2023); International Labour Organization (2025); UNICEF Pakistan.

Several measures can be advanced within Pakistan's existing national priorities and at relatively modest administrative cost: submitting overdue reports to UN treaty bodies; promptly appointing commissioners to statutory bodies; publishing consistent data on torture complaints, bonded labour, labour inspections and prosecutions; completing a nationwide forced-labour survey; strengthening district vigilance committees; and ensuring that provincial action plans have budgets and deadlines. Progress in these areas would translate Pakistan's commitments into more visible outcomes, strengthen domestic governance and provide more compelling evidence of reform in engagement with the EU and other partners.

Where the assessment requires greater nuance

Pakistan's Foreign Office has argued that the report understates reforms since GSP+ began in 2014 and places disproportionate emphasis on areas of limited progress.[9] This concern deserves serious consideration. The EU document assesses 2023-2025, whereas Islamabad situates Pakistan's record

[7] International Labour Organization, The Gender Pay Gap in Pakistan: An Empirical Analysis and Policy Implications, July 15, 2025. https://www.ilo.org/publications/gender-pay-gap-pakistan-empirical-analysis-and-policy-implications

[8] UNICEF Pakistan, "Education," accessed July 23, 2026. https://www.unicef.org/pakistan/education

[9] "Pakistan 'Disappointed' with EU Report on GSP+ Compliance Issues, Says It Understates Reforms," Dawn, July 23, 2026. https://www.dawn.com/news/2017763

within a twelve-year reform trajectory. The two positions therefore apply different temporal lenses. A fair evaluation should recognise cumulative gains since 2014, distinguish temporary setbacks from structural regression, and assess recent developments in light of the scale of Pakistan's security, institutional and developmental constraints.

The report is most useful when assessing verifiable obligations such as ratification, reporting, legislation, budgets and institutional performance, but requires particular care when broad political judgments are advanced without sufficiently distinguishing documented violations, credible allegations, contested claims and structural constraints. Its discussion of counterterrorism laws, political trials, judicial independence and civil-military relations at times moves beyond technical convention-monitoring towards a wider diagnosis of Pakistan's political order. Although these questions may relate to civil and political rights, the EU should employ transparent benchmarks and consistent evidentiary thresholds across all beneficiaries. This would reduce perceptions of political selectivity and strengthen the credibility of the monitoring process.

Context is indispensable. Pakistan confronts a severe terrorism threat, fiscal constraints, federal-provincial coordination problems, and climate disasters. The state has a legitimate responsibility to counter violent organisations and disinformation. These pressures shape the pace, sequencing and feasibility of reform and should not be treated as incidental to the assessment. At the same time, Pakistan's own constitutional order is best served by precise legal definitions, independent judicial oversight, due process and effective remedies. Strengthening these safeguards should be understood as a nationally determined means of improving the legitimacy and effectiveness of Pakistan's security governance, rather than as a response to external prescription.

The EU must also acknowledge that GSP+ is mutually beneficial. It supports Pakistani employment and foreign-exchange earnings, but European importers and consumers also gain from lower-cost and diversified supplies. Moreover, the new framework expands conditionality from 27 to 32 conventions, introduces a mandatory implementation plan, permits urgent withdrawal in grave cases, and links preferences to cooperation on readmission of irregular migrants.[10] These additions give the EU greater leverage and create a corresponding responsibility to ensure predictability, due process, meaningful technical assistance and respect for Pakistan's ownership of its reform priorities. Trade preferences should support mutually agreed and locally grounded reform rather than become a rapidly shifting instrument of political pressure.

10 European Commission, "Questions & Answers on the New EU Generalised Scheme of Preferences"; Regulation (EU) 2026/1395 of the European Parliament and of the Council of June 17, 2026. https://eur-lex.europa.eu/eli/reg/2026/1395/oj

Figure 3 | Pakistan's GSP+ Review and Reapplication Pathway

The revised framework creates a reform window rather than an immediate trade cliff.

Sources: European Commission, JOIN(2026) 16 final; Regulation (EU) 2026/1395; Implementing Regulation (EU) 2025/1206.

A nationally owned agenda before reapplication

Pakistan can use the forthcoming reapplication process to consolidate its existing commitments into a sequenced and nationally owned implementation plan. The federal government could establish a single GSP+ implementation matrix, agreed with the provinces, assigning each obligation to a responsible institution with realistic deadlines, budgets and public indicators. Designed by Pakistan in accordance with its priorities and capacities, such a plan would make progress easier to demonstrate and reduce the recurring loss of information across federal and provincial jurisdictions.

That mechanism could include quarterly federal-provincial review, parliamentary scrutiny and structured consultation with exporters, trade unions, statutory commissions and credible civil-society organisations. Pakistan's recurring challenge is not an absence of commitment but fragmented ownership, uneven resources and limited evidence of outcomes. A public dashboard showing legislation, implementing rules, allocations, inspections, prosecutions and results would improve domestic accountability and enable Islamabad to communicate progress through verifiable performance. It would also help the EU distinguish national policy from variations in provincial implementation.

Within this nationally determined framework, Islamabad could prioritise visible and feasible near-term measures before reapplication: clear its treaty-reporting arrears; fill vacancies in human-rights institutions; operationalise the anti-torture framework; conduct the forced-labour survey; increase and professionalise labour inspectorates, including female inspectors; publish union-registration and inspection statistics; and fund provincial child-labour plans. The EU's EUR 400 million cooperation envelope for Pakistan for 2021-2027 should support priorities identified by Pakistan and, through consultation, be aligned with measurable implementation needs.[11]

More complex legal and institutional questions require careful domestic deliberation and due regard for Pakistan's security realities. Pakistan can continue strengthening accountability for enforced disappearances through specific criminalisation or equivalent enforceable provisions; clarify definitions in cybercrime, defamation and counterterrorism laws; and reinforce judicial oversight, fair-trial guarantees and access to counsel. Their pace and modalities should be determined by Pakistani institutions as constitutional and national-security priorities, not concessions to external pressure.

Beyond compliance, Pakistan has an independent economic interest in reducing dependence on textiles and GSP+. Export diversification, value addition, environmental traceability and compliance support for small and medium enterprises would preserve market access while strengthening resilience. Women's formal employment should similarly be treated as a productivity and export strategy as well as a rights commitment.

Conclusion

The EU assessment offers useful inputs but is neither beyond criticism nor sufficient to define Pakistan's reform priorities. Its broad judgments require clearer benchmarks and fuller appreciation of Pakistan's security, institutional and developmental circumstances. Pakistan has demonstrated sustained commitment to GSP+; the central challenge is converting policy and legislation into uniform outcomes amid profound constraints. The appropriate course is sovereign and evidence-based engagement: Pakistan should clarify or contest unsubstantiated claims while advancing reforms which it independently considers constitutional, social and economic priorities.

GSP+ should be understood as a mutually beneficial compact grounded in respect, reciprocity and nationally owned reform. The EU must apply it consistently, transparently and with adequate support; Pakistan should translate commitments into results in accordance with its capacities and priorities. The transition to the 2027 framework offers a cooperative process built on transparent benchmarks, meaningful technical assistance and recognition of federal-provincial realities. By strengthening implementation and pursuing rights-compatible security governance through its own

[11] European Commission, "GSP+ Assessment of the Islamic Republic of Pakistan," SWD (2026) 184 final, 14. https://ec.europa.eu/transparency/documents-register/detail?lang=en&ref=SWD%282026%29184

constitutional processes, Pakistan can protect a vital trade relationship while advancing necessary reforms irrespective of European conditionality.

This would strengthen Pakistan's negotiating credibility by demonstrating that external engagement complements, rather than defines, a domestic reform agenda grounded in constitutional obligations and national priorities.