



EUROPEAN PARLIAMENT AND THE REVIEW OF PAKISTAN'S GSP+ STATUS: AN APPRAISAL

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Edited by
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June 25, 2021

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



On April 28, 2021, the European Parliament (EP) adopted a resolution¹ that called for a review of Pakistan's GSP+ (Generalised Scheme of Preferences) status under the pretext of concerns about Pakistan's blasphemy laws and human rights record. The resolution was passed with an overwhelming majority in the EP with 662 votes against 3, while 26 members abstained from voting.

According to the German Member of Parliament (MEP) Reinhard Bütikofer, the resolution was initiated mainly due to the case of a Christian couple (ShaguftaKausar and Shafqat Emmanuel) who has been on death row in Pakistan for blasphemy charges since 2014.²

The review of Pakistan's GSP+ status is a matter of grave concern for Pakistan which comes at an extremely critical juncture in time. While the country is trying to shift its focus from geopolitics to geo-economics, the Financial Action Task Force (FATF) extraordinary plenary session to review Pakistan's status is also set to take place in the coming weeks this month (June 2021).³

The move by the EP to review Pakistan's GSP+ status could weigh on the decision by the FATF regarding Pakistan's status in the "grey list" since most of the FATF members and observers are the ones that voted in favour of reviewing Pakistan's GSP+ status and strongly disapprove of Pakistan's

¹ "Joint Motion for a Resolution", Doc. RC-B9-0254/2021, European Parliament, Plenary Sitting, accessed on June 01, 2021. https://www.europarl.europa.eu/doceo/document/RC-9-2021-0254_EN.pdf

² IrfanAftab, "EU-Pakistan row: 'GSP+ status is not a one-way street'", *Deutsche Welle (DW)*, published on May 04, 2021. <https://www.dw.com/en/eu-pakistan-row-gsp-status-is-not-a-one-way-street/av-57426296>

³ "FATF keeps Pakistan on grey list until June despite 'significant progress'", *DAWN*, published on February 25, 2021. <https://www.dawn.com/news/1609329>

blasphemy laws and human rights condition, namely European Commission members, France, United Kingdom (UK), United States (US), Sweden and Germany.

Pakistan on the other hand, expressed disappointment over EP's resolution and it was stated by its Foreign Office that its (EP) discourse on the context of blasphemy laws and the associated religious sensitivities in the country is ill-informed.⁴

Under the current resolution passed by the EP, the European Commission (EC) and the European External Action Service (EEAS) has been instructed to undertake the appraisal of Pakistan's eligibility for the GSP+ status in the backdrop of recent events and determine sufficient ground to initiate procedure for temporary withdrawal of this status and its attached benefits. Such a step could have adverse effects for the Pakistani economy.

With trade relations governed by the 2004 Cooperation Agreement⁵ and enhancement of bilateral trade and investment enshrined in 2012 EU-Pakistan 5-year Engagement Plan,⁶ bilateral trade with EU is of critical importance for Pakistan's economy. After the US, EU is Pakistan's second largest trading partner, absorbing 28% of the latter's total exports in 2020.⁷

After acquiring the GSP+ status in 2014, two-thirds (78%) of all categories of Pakistani products got almost duty-free access to markets of 27 EU member states. Resultantly, Pakistan's exports to the EU almost doubled from 2010-2020 (as exemplified in figure below) from €3072 to €5537 million.

⁴ Atika Rehman, "EU Parliament move to review trade ties with Pakistan", *DAWN*, published on May 01, 2021. <https://www.dawn.com/news/1621311>

⁵ "Cooperation Agreement between the European Community and the Islamic Republic of Pakistan (2004/870/EC)", Official Journal of the European Union, published on December 23, 2004. <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32004D0870&from=EN>

⁶ "EU-Pakistan 5-year Engagement Plan – 2012", European Commission, accessed on June 15, 2021. https://eeas.europa.eu/sites/default/files/eu-pakistan_five-year_engagement_plan.pdf

⁷ "Trade Picture – Pakistan", Countries and Regions, European Commission, accessed on June 15, 2021. <https://ec.europa.eu/trade/policy/countries-and-regions/countries/pakistan/>

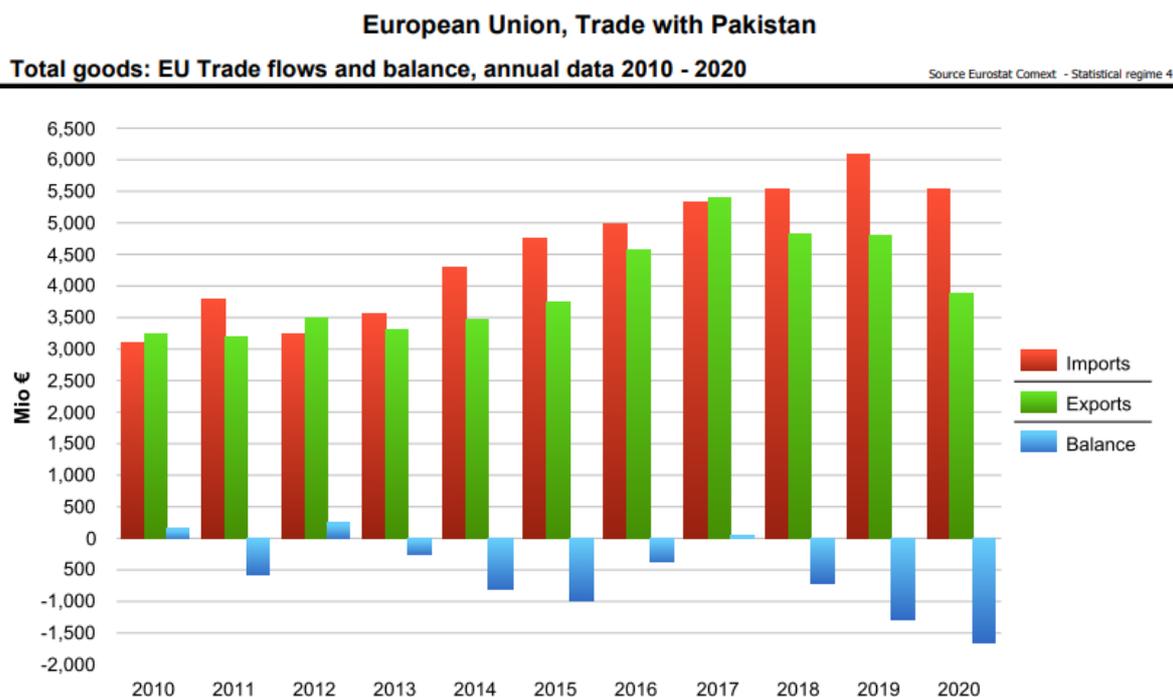


Figure 1: European Union, Trade in goods with Pakistan⁸

As is evident from the above, Pakistan's trade relations with the EU, especially the generous tariff preferences enjoyed by the Pakistani products in EU markets are an integral part of the country's overall economic profile. And any hindrance in these relations or any additional preferences will seriously hamper Pakistan's economic progress.

According to MEP Reinhard Bütikofer, part of the EC resolution for Pakistan's GSP+ status review also stemmed from "very strong and unjustified anti-French mass mobilization in Pakistan"⁹ that commenced after the French President Emmanuel Macron's remarks about Islam and display of the Holy Prophet Muhammad's (PBUH) caricatures.¹⁰

The reaction by the EC and its member states to Pakistan's blasphemy laws, human rights condition and anti-French mobilization in the country seems to be highly disproportionate. Pakistan understands that the concessions and preferences extended to Pakistan under the umbrella of EU-

⁸ "European Union, Trade in goods with Pakistan", Trade Picture - Pakistan, European Commission, date of retrieval April 24, 2021.

https://webgate.ec.europa.eu/isdb_results/factsheets/country/details_pakistan_en.pdf

⁹ IrfanAftab, "EU-Pakistan row: 'GSP+ status is not a one-way street'", *Deutsche Welle (DW)*, published on May 04, 2021. <https://www.dw.com/en/eu-pakistan-row-gsp-status-is-not-a-one-way-street/av-57426296>

¹⁰ Alistair Walsh, "France Muhammad cartoon row: What you need to know", *Deutsche Welle (DW)*, published on October 27, 2020. <https://www.dw.com/en/france-muhammad-cartoon-row-what-you-need-to-know/a-55409316>

Pakistan bilateral trade (like the GSP+ status) is not a one way street and that it has to fulfil certain obligations pertaining to human rights, good governance and environment protection.

Pakistan, on its part is doing its level best to accede to all the 27 international conventions¹¹ in order to fulfil its obligations and maintain its GSP+ status, given its limited resources and capabilities as a developing nation, located in a region fraught with instability and chaos.

Being a lower-middle income country, Pakistan has made great progress in terms of climate change, forestation, combating illegal narcotics/ wildlife trade, political and administrative reforms, and social protection initiatives, as highlighted in the 3rd Biennial Assessment Report¹² that was submitted to the European Parliament and the Council in February 2020.

Furthermore, Pakistan is also making sincere efforts to facilitate the presence of foreign non-governmental organisations (NGOs) in the country, ensuring freedom of expression, clamping down on religious extremism and illegal migration as well.

The European Parliament, rather than subjecting Pakistan to strict accountability measures, should engage Pakistan via multiple fora at its disposal, such as the EU-Pakistan Strategic Dialogue, the EU-Pakistan Joint Commission (and its sub-group meetings), the EU-Pakistan Staff Talks forum and EU-Pakistan Strategic Engagement Plan forum, to engage Pakistan and discuss matters of concern in a meaningful and amicable manner.

While reviewing Pakistan's GSP+ status, members of the European Commission should keep in mind the consequences the state and people of Pakistan will have to face as a result of this status' revocation. For instance, a major part (75.2%) of Pakistan's exports in 2020 to the EU market consisted of textile and clothing products.¹³ This industry in Pakistan is supported by approximately five hundred odd factories in the city of Faisalabad alone which makes up 23% of the country's total gross domestic product (GDP) and employs 40% workforce of Pakistan.

¹¹ "The relevant GSP+ conventions", Annex VIII of Regulation (EU) No 978/2012 of October 31, 2012, accessed on June 15, 2021. https://trade.ec.europa.eu/doclib/docs/2013/december/tradoc_152024.pdf

¹² "Joint Report to the European Parliament and the Council - Report on the GSP covering the period 2018-2019", High Representative of the Union for Foreign Affairs and Security Policy, European Commission, published on February 10, 2020. https://trade.ec.europa.eu/doclib/docs/2018/january/tradoc_156536.pdf

¹³ "European Union, Trade in goods with Pakistan", Trade Picture - Pakistan, European Commission, date of retrieval April 24, 2021. https://webgate.ec.europa.eu/isdb_results/factsheets/country/details_pakistan_en.pdf

By revoking Pakistan's GSP+ status, all these factories will come to an abrupt halt and the workforce unemployed, which will be a devastating blow to Pakistan's economy, particularly in the backdrop of the Covid-19 pandemic.

There should be more transparency and a level-playing field for everyone in EU where everyone is treated fairly and equally. Members of the EP cannot and should not have different yardsticks for different countries as per their convenience. For instance, India is also a GSP beneficiary country. Its human and labour rights record, financial malpractices, increasing militancy and religious terrorism, combined with its total disregard for international law for decades warrants strict action from the EU, but India has never been held accountable for all its transgressions that continue till date.

It is mentioned in the 2004 EU-Pakistan Cooperation Agreement that its main objective is to enhance and develop cooperation via "dialogue" and 'partnership'. The preamble of the EU-Pakistan 5-year Engagement Plan states that it aims to build a strategic relationship. By revoking Pakistan's GSP+ status, the EP will be seriously damaging Pakistan's economic capability to interact more effectively with the European Community. Rather than complimenting Pakistan's social and economic development, its smooth transition/ integration into world economy and eradicating poverty, the European Community will be adding to the economic troubles of Pakistan which will in turn further exasperate the menaces that the objectives of the EU-Pakistan Cooperation Agreement vows to eradicate and the GSP program aims to foster.