



EUROPEAN COMMISSION RENEWS PAKISTAN GSP+ STATUS

By

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



On September 22, 2021, Pakistan retained its Generalised Scheme of Preference-Plus (GSP+) status for accessing the European Union's (EU) market. The decision was announced by the European Commission (EC).¹

The country's GSP+ status was put under review after strong demand of the European Parliament (EP) which passed two resolutions² with an overwhelming majority in this regard earlier this year. These resolutions were adopted in view of an alarming increase in the use of blasphemy accusations in the country, misuse of blasphemy laws and the increasing threats/attacks on journalists and civil society organisations in Pakistan.³

However, according to media reports, the EC found no grounds to exclude Pakistan from the GSP arrangement and its GSP+ status was extended till 2024 with the addition of 6 (six) new conventions.

This extension in Pakistan's GSP+ status came after Pakistan showed good progress in improving its labour laws and tackling climate change.

¹ "GSP+ status for Pakistan extended", The Express Tribune, published on September 23, 2021. <https://tribune.com.pk/story/2321501/gsp-status-for-pakistan-extended>

² Atika Rehman, "EU Parliament move to review trade ties with Pakistan", DAWN, published on May 01, 2021. <https://www.dawn.com/news/1621311>

³ "EU Parliament adopts resolution calling for review of Pakistan's GSP+ status over blasphemy law abuse", DAWN, published on April 30, 2021. <https://www.dawn.com/news/1621254/eu-parliament-adopts-resolution-calling-for-review-of-pakistans-gsp-status-over-blasphemy-law-abuse>

Important to note here is the point that the EU's existing preferential trade access scheme for low and lower income states is set to expire on December 31, 2023 after which a new regime will come in effect from January 01, 2024.⁴

The European Commission has already adopted the legislative resolution for the new regime for 10 (ten) years (2024-2034) which will be discussed in the EP and EC before finally being adopted by the continental bloc. A report on this new legislation was also published by the office of EC in Islamabad on September 24, 2021.

As mentioned earlier, the new GSP regime will have 6 new conventions in addition to the 27 (twenty-seven) existing conventions. Commitment to maintaining ratifications and meeting reporting obligations to the United Nations Treaty Bodies is mandatory for all GSP beneficiary states in order to continue availing the preferential treatment in the EU markets.

The six additional conventions pertain to enhanced access for people with disabilities, eradication of child labour and environment safety.⁵

A statement by the European Commission also stated that beneficiary states should continue to uphold governance and environmental standards and adhere to extra commitment to human and labour rights.⁶

So far, Pakistan has successfully completed three (3) biennial reviews of the GSP regime since its status upgrade to GSP+ in 2014. Fourth biennial review is currently underway.

Monitoring reports for maintenance of the GSP+ status are also published regularly which determine whether a country will continue availing relief and trade preferences under the regime or not. For Pakistan, the last monitoring report did highlight some progress positively but concerns were also raised regarding child labour, torture, media freedom and access to justice etc.

However, Pakistan and the EU maintain high level engagement through multiple mechanisms of dialogue. Regarding the concerns of EU mentioned earlier, Pakistan has informed about

⁴ Mubarak Zeb Khan, "Pakistan must abide by HR regimes to qualify for GSP+ after '23: EU official", DAWN, published on September 25, 2021.

<https://www.dawn.com/news/1648242>

⁵ "GSP+ status for Pakistan extended", The Express Tribune, published on September 23, 2021.

<https://tribune.com.pk/story/2321501/gsp-status-for-pakistan-extended>

⁶ Philip Blenkinsop, "EU to tie green goals to trade access for developing nations", Reuters, published on September 22, 2021. <https://www.reuters.com/article/eu-trade-idCAKBN2GI16J>

developments on the Journalist Protection Bill, the Forced or Involuntary Disappearance Bill and the Anti-Torture Bill that have been brought about in order to address concerns.⁷

Significance of GSP+ for Pakistan

The GSP+ regime is of great economic significance for Pakistan. It is not only a profound source of international revenue generation for the country but also provides a list of steps for a developing country like Pakistan to be taken in order to be more effectively incorporated in the international economy while fulfilling sustainable development goals.

Currently, Pakistan is the largest beneficiary of the GSP+ arrangement. This arrangement has helped Pakistan to secure additional exports amounting from US\$ 1.16 to 1.74 billion since 2014. According to the EU representative in Pakistan, the country's exports to the EU have increased by 60% since its GSP+ membership.⁸

According to estimates, the EU has been Pakistan's main export destination after the US, absorbing 34% of the country's world exports in 2018. In 2020, Pakistan's exports to the EU were approximately US\$ 6.38 billion which was 28% of the country's total international exports that year.⁹ Only in the first half of 2021, Pakistan's exports to the European Union went up by 11% as compared to last year, amounting to US\$ 3.48 billion.

Moreover, availing benefits of economic and development regimes like the GSP+ enable Pakistan for effective economic policy making and assist in its transition from geo-strategy to geo-economics. It is in Pakistan's benefit that it starts preparing for re-applying to the GSP+ status' new regime already once the current one expires in the coming years.

⁷ Baqir Sajjad Syed, "GSP+ conventions to be fully enforced: Foreign Minister Qureshi", DAWN, published on June 19, 2021.

<https://www.dawn.com/news/1630232/gsp-conventions-to-be-fully-enforced-foreign-minister-qureshi>

⁸ Mubarak Zeb Khan, "Pakistan must abide by HR regimes to qualify for GSP+ after '23: EU official", DAWN, published on September 25, 2021. <https://www.dawn.com/news/1648242>

⁹ Directorate-General for Trade, "European Union, Trade in goods with Pakistan", European Commission, published on June 02, 2021.