

Brussels, 5 July 2010

EU regrets silence of Sri Lanka regarding preferential import regime

Sri Lanka will temporarily lose its preferential access to the EU market starting from August 15th 2010. The decision to withdraw the preferential tariff system GSP+ from the country had been taken by the Council of Ministers in February 2010. Based on dialogue with the Sri Lankan authorities on shortcomings in its implementation of three UN human rights conventions, the EU in June offered to delay the entry into force of the Council decision by a further six months. In exchange, it asked for tangible and sustainable progress on a number of outstanding issues. In the absence of a reply from the authorities in Colombo by 1 July, the Commission is not in a position to table a proposal with a view to delaying the Council Decision.

"We very much regret the choice of Sri Lanka not to take up an offer made in good faith and in line with the EU commitment to a global human rights agenda. We will however keep the door open for Sri Lanka to return to talks," said HR/VP Catherine Ashton. "Our precedent-setting offer sought to recognise some tangible progress yielded during these last months of dialogue," added Commissioner Karel De Gucht. "We hope that these results, however partial, will be sustained, in line with the incentivising characteristics of GSP+."

On 15 February 2010, EU Member States decided to temporarily withdraw preferential tariff benefits that Sri Lanka receives under a special incentive arrangement for sustainable development and good governance, known as GSP+. This decision followed an exhaustive 12-month investigation concluded in October 2009 by which the European Commission identified significant shortcomings in respect of Sri Lanka's implementation of three UN human rights conventions relevant for benefits under the scheme. Since February, the European Commission has been able to engage in a dialogue with the Sri Lankan authorities with a view to agree a set of measures that would result in rapid, demonstrable and sustainable progress in relation to the issues addressed in the investigation.

In June 2010, the European Commission took stock of results obtained during the dialogue. In a letter addressed to Sri Lanka's Foreign Minister, Professor Gamini Lakshman Peiris, EU High-Representative/Vice-President for Foreign Affairs and Security Policy Catherine Ashton and EU Commissioner for Trade, Karel De Gucht, offered to propose to the Council of the European Union to maintain GSP+ preferences for an additional six months. This offer was conditional on the receipt of assurances from the Sri Lankan government as to the sustainability of results obtained since February 2010 and a firm commitment that fifteen principal outstanding issues would be addressed during the proposed extension. A longer-term dialogue covering the full range of human rights issues would be undertaken in parallel by the European Commission and Sri Lanka.

In order to properly prepare for the next steps in EU decision-making, the Government of Sri Lanka was invited to respond in writing by 1 July. As of today, and despite best efforts to secure a different outcome, no official reply has been received from the authorities in Colombo.

Background

"GSP+" is common shorthand for the "special incentive arrangement for sustainable development and good governance" which is one of three non-reciprocal, preferential import regimes for developing countries under the EU's Generalised System of Preferences (GSP). Under GSP+ the EU provides additional preferences to economically vulnerable developing countries which have ratified and effectively implemented 27 international conventions in the fields of human and labour rights, sustainable development and good governance and which voluntarily apply for GSP+ benefits and accept the associated conditions. Sri Lanka is a current beneficiary of GSP+, along with 15 other Developing Countries. Like all other GSP+ beneficiaries, Sri Lanka committed to maintain its ratification and effective implementation of the 27 conventions when it applied for the scheme.

The decision to withdraw GSP+ from Sri Lanka is based on the findings of an exhaustive European Commission investigation launched in October 2008 and completed in October 2009. This investigation relied heavily on reports and statements by UN Special Rapporteurs and Representatives, other UN bodies and reputable human rights NGOs and identified significant shortcomings in respect of Sri Lanka's implementation of three UN human rights conventions – the International Covenant on Civil and Political Rights, the Convention against Torture and the Convention on the Rights of the Child.

If GSP+ countries no longer respect the criteria for the scheme, the Commission must undertake an investigation to assess the situation and take appropriate action. Having completed the investigation on Sri Lanka, the European Commission proposed a temporary withdrawal of the country's benefits under GSP+. EU Member States in the Council agreed to put this measure in place on 15 February with a date of entry into force of 15 August.

Sri Lanka is a major beneficiary of the trading opportunities offered by GSP+. In 2008, EU imports from Sri Lanka under GSP+ totalled EUR 1.24 billion. The most important import products benefiting from these trade preferences were t-shirts and other clothing items, as well as fisheries products. After temporary withdrawal takes effect, EU imports from Sri Lanka will instead be subject to standard GSP preferential treatment, under which Sri Lanka would still enjoy preferential access to the EU market for its key export items such as clothing that is at least as generous as it presently enjoys in other major developed country markets.

For further information

<http://ec.europa.eu/trade/creating-opportunities/bilateral-relations/countries/sri-lanka/>