



TEXTS ADOPTED

P8_TA(2019)0207

Implementation of the Generalised Scheme Preferences (GSP) Regulation

European Parliament resolution of 14 March 2019 on the implementation of the GSP Regulation (EU) No 978/2012 (2018/2107(INI))

The European Parliament,

- having regard to Regulation (EU) No 978/2012 of the European Parliament and of the Council of 25 October 2012 applying a scheme of generalised tariff preferences and repealing Council Regulation (EC) No 732/2008¹,
- having regard to Regulation (EU) No 607/2013 of the European Parliament and of the Council of 12 June 2013 repealing Council Regulation (EC) No 552/97 temporarily withdrawing access to generalised tariff preferences from Myanmar/Burma², and to its resolution of 23 May 2013 on reinstatement of Burma/Myanmar's access to generalised tariff preferences³,
- having regard to the mid-term evaluation of the current GSP regulation of July 2018⁴ and the Commission's report on the application of Regulation (EU) No 978/2012⁵ accompanied by the Commission staff working document of 4 October 2018⁶,
- having regard to the Commission reports of 28 January 2016 and of 19 January 2018 on the Generalised Scheme of Preferences covering the periods 2014-2015⁷ and 2016-2017⁸ respectively, which assess the effects of the GSP with a focus on the performance of GSP+ beneficiaries,
- having regard to the Public Hearing on GSP organised by the Committee on International Trade (INTA) on 16 February 2016, the exchange of views on granting GSP+ to Sri Lanka on 21 March 2017, and the exchange of views on the implementation of the GSP regulation on 19 February 2018,

¹ OJ L 303, 31.10.2012, p. 1.

² OJ L 181, 29.6.2013, p. 13.

³ OJ C 55, 12.2.2016, p. 112.

⁴ http://trade.ec.europa.eu/doclib/docs/2018/october/tradoc_157434.pdf

⁵ COM(2018)0665.

⁶ SWD(2018)0430.

⁷ COM(2016)0029.

⁸ COM(2018)0036.

- having regard to Articles 5 and 21 of the Treaty on European Union (TEU),
- having regard to Article 208 of the Treaty on the Functioning of the European Union (TFEU),
- having regard to the European Ombudsman’s Decision in case 1409/2014/MHZ on the European Commission’s failure to carry out a prior human rights impact assessment of the EU-Vietnam free trade agreement¹,
- having regard to its resolution of 5 July 2016 on implementation of the 2010 recommendations of Parliament on social and environmental standards, human rights and corporate responsibility²,
- having regard to its resolution of 12 December 2018 on the annual report on human rights and democracy in the world 2017 and the European Union’s policy on the matter³,
- having regard to its resolution of 27 April 2017 on the EU flagship initiative on the garment sector⁴,
- having regard to its resolution of 14 June 2017 on the state of play of the implementation of the Sustainability Compact in Bangladesh⁵,
- having regard to voluntary country-specific partnerships, such as the Bangladesh Sustainability Compact and the Myanmar Labour Rights Initiative,
- having regard to the 2007 joint strategy of the EU and its Member States entitled ‘Aid for trade: Enhancing EU support for trade-related needs in developing countries’,
- having regard to the 2030 UN Sustainable Development Goals (SDGs),
- having regard to the fundamental International Labour Organisation Conventions on child labour, forced labour, discrimination, freedom of association and collective bargaining,
- having regard to the Council conclusions of 12 May 2016 on the EU and responsible global value chains,
- having regard to its resolution of 12 September 2017 on the impact of international trade and the EU’s trade policies on global value chains⁶,
- having regard to Rule 52 of its Rules of Procedure, as well as Article 1(1)(e) of, and Annex 3 to, the decision of the Conference of Presidents of 12 December 2002 on the procedure for granting authorisation to draw up own-initiative reports⁷,
- having regard to the report of the Committee on International Trade and the opinions of

¹ <https://www.ombudsman.europa.eu/en/decision/en/64308>

² OJ C 101, 16.3.2018, p. 19.

³ Texts adopted, P8_TA(2018)0515

⁴ OJ C 298, 23.8.2018, p. 100.

⁵ OJ C 331, 18.9.2018, p. 100.

⁶ OJ C 337, 20.9.2018, p. 33.

⁷ [http://www.europarl.europa.eu/RegData/organes/conf_pres_groupes/proces_verbal/2002/12-12/CPG_PV\(2002\)12-12\(ANN01\)_EN.doc](http://www.europarl.europa.eu/RegData/organes/conf_pres_groupes/proces_verbal/2002/12-12/CPG_PV(2002)12-12(ANN01)_EN.doc)

the Committee on Foreign Affairs and the Committee on Development (A8-0090/2019),

- A. whereas the EU was the first to implement a GSP scheme in 1971 following the United Nations Conference on Trade and Development (UNCTAD) recommendation under which industrialised countries would grant generalised, non-reciprocal and non-discriminatory trade preferences to developing countries, thereby assisting them to generate additional revenue through international trade in an effort to reduce poverty, promote good governance and foster sustainable development;
- B. whereas Article 207 of the TFEU stipulates that the EU's trade policy must be built on the principles and objectives of EU external policy and promote the values for which the Union stands, asset out in Article 2 of the TEU and contribute to the pursuit of the aims listed in Article 21, including the consolidation of democracy and the rule of law, respect for human rights, fundamental rights and freedoms, equality, respect for human dignity and the protection of the environment and of social rights;
- C. whereas in her conclusions, the EU Ombudsman stated the following: good administration means observance and respect for fundamental rights; where fundamental rights are not respected, there cannot be good administration; the EU institutions and bodies must always consider the compliance of their actions with fundamental rights, and should also aim at furthering the cause of human rights in the partner countries.;
- D. whereas the current GSP scheme was established under Regulation (EU) No 978/2012, adopted on the basis of Article 207 of the TFEU under the ordinary legislative procedure with the European Parliament acting for the first time as a co-legislator for a GSP regulation;
- E. whereas pursuant to Article 40 of the GSP regulation, the Commission is to submit a report on the application of the GSP Regulation to the European Parliament and to the Council five years after adoption, which should shape the next GSP Regulation that is to be adopted by 2022; whereas this regulation has been in force since 1 January 2014; whereas a thorough independent evaluation of the functioning of the present Regulation has been carried out in an effort to provide information for the Commission's review exercise, and a list of concrete recommendations has been drawn up;
- F. whereas the scheme contains three arrangements: the general GSP scheme, the GSP+ incentive scheme, and the Everything But Arms scheme (EBA); whereas the standard GSP beneficiaries – currently 18 countries – benefit from reduced customs duties on 66 % of all EU product categories; whereas the eight GSP+ beneficiaries export around 66 % of all product categories duty-free in return for their commitment to effectively implement 27 international core conventions that cover labour rights, human rights, good governance and environmental concerns; whereas the 49 least developed countries (LDCs) under the EBA arrangement of GSP are granted duty-free access to the EU for all products, except arms and ammunition; whereas all beneficiary countries are bound by international conventions in the areas of human rights and labour rights under the GSP Regulation, while GSP+ countries are also bound by international environmental and good governance conventions; whereas only the GSP+ scheme provides for a structured dialogue, which assesses the effective implementation of those conventions by the beneficiary countries; whereas GSP beneficiary countries must also be able to implement international standards and norms, including drawing up, implementing and enforcing appropriate legislation, particularly in the area of establishing the rule of law

and combating corruption;

- G. whereas the key objectives of the 2012 GSP reform were to better focus on countries in need – the LDCs and other low and lower-income countries – further promote the core principles of sustainable development and good governance, enhance stability and predictability, and improve certainty for business operators;
- H. whereas several international conventions, guidelines and rules aim to prevent human rights abuses; whereas, in particular, the GSP beneficiary countries have the obligation to implement these guidelines and create the appropriate legal and economic conditions under which businesses can operate and find a place in global supply chains;;
- I. whereas the EU should respond even more effectively to social and environmental dumping and unfair competition and trade practices, in addition to ensuring a level playing field;
- J. whereas in several countries, export processing zones (EPZs) are exempted from national labour legislation, thereby preventing the full right to exercise union activity or seek legal redress; whereas the former constitutes a violation of core ILO standards and could lead to further negative impacts on human rights;
- K. whereas gender equality in all EU policies is firmly established in Article 8 of the TFEU; whereas trade and investment agreements tend to affect women and men differently on account of structural gender inequalities; whereas according to the ILO, in 2012, 21 million people worldwide, of whom 55 % were women and girls, were the victims of forced labour, with 90 % of these in the private economy sector;
- L. whereas Article 19(6) of the GSP Regulation requires that the Commission take account of ‘all relevant information’ in determining whether GSP beneficiary countries duly comply with their human rights obligations, including information provided by civil society; whereas the involvement of civil society and social partners in the implementation of the GSP scheme can enhance the legitimacy and effectiveness of the EU’s common commercial policy;
- M. whereas the GSP Regulation allows the EU to suspend preferences in the most serious cases of human rights violations, on the basis of Chapter V, Article 19(1)(a) of the GSP Regulation, which provides for the temporary withdrawal of preferential treatment on a number of grounds, including systematic violations of the principles laid down in the conventions listed in Part A of Annex VIII;
- N. whereas the Commission has launched the process in the case of Cambodia, and is in the process of launching investigations in the case of Myanmar for human rights abuses within the framework of potential withdrawals from the Everything But Arms arrangements;

Main conclusions and recommendations

- 1. Welcomes the Midterm Evaluation on the application of the current GSP Regulation, which assesses whether the objectives it has set out are likely to be achieved; welcomes the fact that the new Regulation has seen an increase in exports from beneficiaries of the Everything But Arms (EBA) and GSP+ arrangements, which is an important contributing factor towards poverty eradication;

2. Notes with satisfaction that in 2016 EUR 62,6 billion worth of imports entered the EU under GSP preferences (a rising tendency), broken down as follows: EUR 31,6 billion from standard GSP beneficiaries, around EUR 7.5 billion from GSP+ beneficiaries and EUR 23,5 billion from EBA beneficiaries (Eurostat data as of September 2017);
3. Recalls that the GSP helps industries in developing countries overcome the difficulties these countries face on export markets as a result of high initial costs; recalls that, in line with UNCTAD objectives, the aims of the GSP are to increase the export revenue and promote the industrialisation of developing countries and consequently LDCs, and to accelerate their growth with a view to eradicating poverty;
4. Underlines that GSP+ is a key EU trade policy instrument which provides better market access and is accompanied by a stringent monitoring mechanism to promote human and labour rights, environmental protection, and good governance in vulnerable developing countries;
5. Notes that the current GSP Regulation has been in force for three years, since the start of the mid-term evaluation process, which has already identified elements to be considered for reform in the next GSP Regulation; welcomes the recommendations provided by the final mid-term evaluation report;
6. Emphasises that the GSP, as part of the EU's trade policy, must be built on the principles of EU external policy (effectiveness, transparency and values) as enshrined in Article 21 of the TEU; stresses that Article 208 of the TFEU establishes the principle of policy coherence for development, and sets the eradication of poverty as the main objective; stresses that the Commission's Trade for All communication reaffirms these principles;
7. Acknowledges the fact that GSP+ plays an important role in promoting international labour rights, human rights, good governance and environmental protection standards in its beneficiary countries, by not only offering incentives to comply with these standards but also establishing a platform for regular dialogue in the areas covered by the conventions and promoting engagement in substantive reforms;
8. Acknowledges that the GSP scheme has brought economic gains to the beneficiary countries and the EU, with increased exports to the EU and improved preference utilisation rates by EBA and GSP+ beneficiaries; urges the EU to work on raising awareness of the GSP rules in the beneficiary countries in order to promote an even better uptake of the scheme; asks the Commission to assess the distribution of gains as regards the GSP scheme, where possible, based on the availability of data; takes note that, in some cases, increased exports and economic opportunities have also had unintended negative indirect impacts on fundamental rights and social development, for example leading to land grabbing or lack of compliance with labour rights; stresses, therefore, that trade preferences need to be followed by the implementation of international conventions and reforms so as to prevent the GSP programmes potentially leading to increased levels of environmental and social dumping;
9. Welcomes the simplified GSP+ entry mechanism to make it more attractive for standard GSP beneficiary countries; highlights the fact that many of the candidate countries for GSP+ have ratified several of the international conventions needed for GSP+ admission; stresses that the improved, constant and systematic monitoring of the implementation process is of paramount importance, and can be achieved by stepping up cooperation

between all actors so as to improve information gathering and in-depth analysis by using all the available information and resources, such as the reports from international monitoring bodies, including the UN, the ILO, the Organisation for Economic Cooperation and Development (OECD), and including direct involvement of civil society and social partners in the process; stresses that this is necessary in order to ensure the full potential of the GSP+ scheme to improve the situation with regard to workers' rights, promotion of gender equality and the abolition of child and forced labour through the effective implementation of the 27 conventions;

10. Urges the Commission to address the issues of shrinking space for civil society and protection for human rights defenders at risk when it engages with GSP+ beneficiary countries and through EBA enhanced engagement, as these issues are directly related to obligations under the International Covenant on Civil and Political Rights and relevant provisions of the ILO core conventions, in line with the Commission's Trade for All communication; asks the Commission, furthermore, to explore further options for the structured, formal and independent participation of civil society, trade union representatives and the private sector, which could serve as potential avenues to strengthen the monitoring process;
11. Emphasises that, overall, the GSP scheme appears to have created incentives for ratifying international conventions and has therefore created a better framework for progress; stresses the importance of further putting in place thorough measures to ensure that the GSP fosters positive environmental development; recommends that the Paris Agreement be added to the list of 27 core international conventions that GSP+ beneficiary countries must comply with; stresses that much progress remains to be made in beneficiary countries in order to achieve a sustainable development model;
12. Acknowledges the progress made on effective implementation, achieved through increased monitoring and dialogue between the EU and the beneficiary countries, in particular when monitoring the implementation of the 27 core conventions; stresses the need for further coordination between the European External Action Service (EEAS), Union delegations, Member States' diplomatic missions, beneficiary country governments, international organisations, businesses, social partners and civil society in order to improve information gathering and provide more in-depth analysis of the monitoring exercise; recommends, as far as possible, greater transparency and communication between co-legislators and stakeholders in the GSP withdrawal processes, in particular during the Commission's investigation procedure;
13. Acknowledges that ratification and progress on the effective implementation of relevant conventions are important benchmarks in order to achieve the necessary progress within the scheme; asks the Commission to ensure that the actions taken in order to monitor the effective implementation of conventions by beneficiary countries are fully in line with the country strategy papers, with a view to ensuring policy coherence, consistency and mainstreaming human rights into trade policy;
14. Stresses the need for continued engagement and further improvement of transparency in GSP+ monitoring while ensuring that the EU can preserve its full leverage with beneficiary countries in this dialogue, notably around the scorecard exercise; calls on the Commission to consider further steps in this field and in the field of dialogue with beneficiary countries in order to increase the transparency, oversight and effectiveness of the scheme;

15. Considers that any decision to suspend preferences must be completely consistent with the overarching objective of alleviating poverty and emphasises that acts of secondary EU law must be both designed and interpreted in line with primary EU law and general principles of EU law in this regard; stresses, therefore, the need for maintaining the current targeted approach for the withdrawal of preferences and ensuring that such withdrawal is limited to specific sectors and designed in such a way as to minimise the negative effects for the local population; calls on the Commission to make use of graduated withdrawals of trade preferences or other time-bound withdrawal measures where appropriate; stresses, finally, that the withdrawal of trade preferences should be seen as a measure of last resort applied only in cases of serious shortcomings in the effective implementation of the international conventions and a clear lack of willingness and engagement by the beneficiary country to address them; stresses, at the same time, the conditional nature of the schemes and that this conditionality should be used to preserve the credibility of each scheme and ensure action in cases of severe and systematic violations of the conventions;
16. Welcomes the Commission's recent decisions to launch the process for the withdrawal of EBA preferences for Cambodia and to send an emergency, high-level EU mission to Myanmar, in response to the human rights situation in both countries; expects the Commission to keep Parliament closely informed and involved in further steps, including with regard to the suspension of preferences;
17. Notes that the number of beneficiary countries has significantly decreased due to the reformed eligibility criteria, which, together with product graduation, has resulted in an overall decrease in the volume of EU imports from GSP countries; acknowledges that these reforms allow preferences to be focused on the countries that are most in need; requests the Commission to ensure coherence and consistency between GSP and FTA regimes in the impact assessment for the next regulation, so as to ensure the central role of GSP for developing countries in the trade policy of the EU; notes in this regard that EBA beneficiary countries are facing increasing competitive pressure from countries that have established FTAs with the EU; notes, furthermore, that some countries previously subject to GSP+ monitoring are now covered by FTAs that include trade and sustainable development chapters, which should be effective and enforceable;
18. Regrets the fact that the GSP scheme, notably in the case of 29 EBA countries, has not led to any change, and, in some cases a deterioration in their export diversification profiles at the product level; further regrets the fact that it has not sufficiently contributed to economic diversification; calls for further measures to be taken in order to enhance the diversification of exports from GSP countries; regrets the fact that diversification among beneficiaries seems to have been hampered by removing the possibility of cumulation with countries that have graduated from GSP, as they can no longer benefit from the rules of origin for GSP beneficiaries; firmly calls for this possibility to be reintroduced, especially for the most vulnerable countries; notes the significant decrease in export diversification at all sector levels for standard GSP beneficiaries; further calls on the Commission to consider reforming and expanding the list of products to be covered by the Regulation with regard to semi-finished and finished products in particular, and, where necessary, easing rules of origin for the most vulnerable countries; further encourages GSP beneficiary countries to introduce effective measures aimed at product diversification; in this sense, underlines the need to create access to knowledge and technology in order to diversify products so the exports can sustain themselves in global competition, and in Europe in particular;

19. Calls on GSP beneficiary countries to put in place and effectively implement legal measures to protect intellectual property;
20. Welcomes the fact that the preference utilisation rate for EBA beneficiaries is high; stresses the importance of capacity building in the beneficiary countries to support them in benefiting the most from the scheme; calls for measures under the Aid for Trade initiative to be more effectively used in this regard; takes the view that consideration should be given to including services in the next GSP regulation in order to further promote increased diversification; stresses, furthermore, in this context the importance of a business-to-business approach; calls for the setting up of sectoral, multi-stakeholder platforms and online facilities, which bring together export companies from GSP beneficiary countries, import companies in the EU and potential newcomers on both sides – those who are currently not exporting or not importing – in order to exchange best practices and to raise awareness of the GSP rules, conditions and economic perspectives it offers;
21. Welcomes the conclusion of the first safeguard investigation under the regulation, and considers that this clause should ensure that the EU's financial, economic, social and environmental interests are protected; stresses that when offering preferences for sensitive products, there is a need to allow them to be given special treatment in order to avoid putting certain sectors at risk;
22. Emphasises that all parts of the territory of the beneficiary countries, including EPZs, are covered by the scheme and the obligations resulting from the ratification of the relevant conventions; urges beneficiary countries to effectively implement labour standards, and urges the Commission to address violations of ILO standards, including collective bargaining and freedom of association in EPZs situated in current or potential beneficiary countries, and to ensure that any carve-outs are removed; calls on the Commission to explore means to ensure that products from EPZs do not fall under the scheme of preferences insofar as they are exempt from national legislation and in breach of the relevant international conventions;
23. Highlights that the GSP has made the corporate sector more dynamic, contributed to women's economic empowerment to a certain extent and favoured their participation in the labour force, in particular in the industries of the export countries that trade with the EU; stresses in this sense that it is important to create suitable business environments for women in order for them to capitalise on these new skills and experiences and be able to move up in companies' structures or be able to set up their own new enterprises; nevertheless notes that women continue to be discriminated against, and is concerned about women's working conditions, especially in the textiles and apparel sector; reiterates its resolution of 27 April 2017, and calls on the Commission to follow up on this;
24. Welcomes the effect that the GSP has had on adopting cleaner and safer technologies and on voluntary corporate social responsibility initiatives, which has had a direct positive impact on workers and the environment; takes the view that measures to further encourage and reliably assess this development should be planned; recognises the need to strike the correct balance between regulatory and voluntary action on corporate due diligence in this regard, and calls on the Commission to explore ways to establish due diligence obligations;
25. Considers that the EU should ensure policy coherence by encouraging other

international actors, such as multinational enterprises, to participate fully in the improvement of human rights, social rights and environmental standards worldwide, not least by obliging economic operators to put in place due diligence practices in line with the UN Guiding Principles for Business and Human Rights; calls on the Commission to show leadership in order to ensure that human rights and labour rights are upheld in global value chains and to report on the implementation of Parliament's 2016 resolution on the implementation of its recommendations on social and environmental standards, human rights and corporate responsibility, including its call to include corporate social responsibility (CSR) in the Regulation and to reform WTO rules to institute supply chain due diligence and transparency requirements, building on the UN Guiding Principles for Business and Human Rights;

26. Recalls that the EU must encourage, in the interests of coherence with the policies of other international players, such as multinationals, full participation in improving respect for human rights, children's rights, social rights, environmental rights and public health in the world; calls for the EU to ensure that human rights are respected in relation to the right to work in global value chains, i.e. throughout the supply chain;
27. Calls on the Commission, as regards to the next GSP regulation, to explore the possibility of introducing additional tariff preferences for products that have demonstrably been produced sustainably; considers that the goods should be submitted on a voluntary basis for certification of their sustainable mode of production and that proof thereof should be produced upon import into the EU;

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28. Instructs its President to forward this resolution to the Council and the Commission.