



European Commission
Directorate-General for Trade

Press release

GENERALISED SYSTEM OF PREFERENCES (GSP) Brussels, 15 December 2009

Commission statement on GSP+ and Sri Lanka

Following the adoption of a Commission proposal on Sri Lanka and GSP+ treatment, Christiane Hohnann, European Commission Spokesperson for Trade said : "The Commission completed a thorough investigation into the human rights situation in Sri Lanka and in particular whether Sri Lanka is living up to the commitments it made to respect international human rights standards when it became a beneficiary of the European Union's GSP+ trade incentive scheme which provides for additional trade benefits."

The report came to the conclusion that there are significant shortcomings in this area and that Sri Lanka is in breach of its GSP+ commitments.

After consulting with Member States, the Commission has adopted today a proposal with a view to temporarily suspending these additional trade benefits. EU Member States will have two months in which to decide on it.

At the same time, the Commission is determined to pursue its dialogue with Sri Lanka on the substantive human rights problems identified in the report and the steps that Sri Lanka can take to address them. We want to work constructively with Sri Lanka on this and expect that any actions taken to improve the human rights situation will be suitably vigorous, rapid and verifiable."

Background

The investigation identifies significant shortcomings in respect of three UN human rights conventions – the International Covenant on Civil and Political Rights (ICCPR), the Convention against Torture (CAT) and the Convention on the Rights of the Child (CRC) - such as to indicate that Sri Lanka at present is not effectively implementing them. The investigation has relied heavily on reports and statements by UN Special Rapporteurs and Representatives, other UN bodies and reputable human rights NGOs.

The Commission launched an investigation on 14 October 2008 to assess whether the national legislation of Sri Lanka incorporating three UN human rights conventions was effectively implemented. These three conventions are among the 27 international conventions that form part of the substantive qualifying criteria for GSP+.

GSP+ relies on beneficiary countries' continuing to respect the substantive eligibility criteria for the scheme. If this no longer is the case, the relevant EC Regulation

foresees that the Commission should undertake an investigation to clarify the situation, and then in the light of its findings, take appropriate action either to confirm the continuation of GSP+ benefits or to propose to EU Member States in the Council that they be temporarily withdrawn. In light of the findings of the investigation adopted by the Commission on 19 October 2009, the Commission has proposed a temporary withdrawal of some or all of Sri Lanka's benefits under GSP+ to EU Member States in the Council. If this proposal is approved by Council then the withdrawal will take effect six months later, as provided for in the GSP Regulation.

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 of these trade preferences were t-shirts and other clothing items, as well as fisheries products. Any future temporary withdrawal of GSP+ treatment would mean that EU imports from Sri Lanka would instead be subject to standard GSP preferential treatment. If the latter had been applied to actual import volumes in 2008, an additional EUR 78 million in import duties would have been collected. It is not possible to forecast accurately the possible economic impact of reversion to standard GSP treatment in the EU market, since this will depend on several other factors as well as the import tariff level.

Additional background information on GSP+

"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 – beyond standard GSP treatment – 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.

GSP+ preferences depend on beneficiary countries' continuing to respect the substantive eligibility criteria for the scheme. If this no longer is the case, the relevant EC Regulation foresees that the Commission should undertake an investigation to clarify the situation, and then in the light of its findings, take appropriate action either to confirm the continuation of GSP+ benefits or to propose to EU Member States in the Council that they be temporarily withdrawn.

Read the Commission's proposal of 15 December 2009

Read the Commission's Report of 19 October 2009

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