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**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND  
THE COUNCIL**

**Report on the Generalised Scheme of Preferences covering the period 2016-2017**

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## 1. INTRODUCTION

This report and its accompanying staff working document<sup>1</sup> assesses the effects of the Generalised Scheme of Preferences ('GSP') during the years 2016-2017, with a focus on the performance of GSP+ beneficiaries. Under the GSP Regulation<sup>2</sup> this report shall be submitted biennially to the European Parliament and the Council.

Through GSP, the EU continues to be at the vanguard of accompanying developing countries to achieve sustainable development using the economic engines of trade. Trade preferences as enablers to promote universal values of human rights, social justice and environmental protection are an integral part of the Commission's *Trade for All*<sup>3</sup> strategy. Generous access to the EU market enables GSP beneficiaries to generate additional revenues via international trade and contributes to their efforts to reduce poverty and promote sustainable development, human rights and good governance.

### 1.1. Three arrangements within GSP

The GSP has three different trade preference arrangements, which were set out in detail in the 2016 GSP report<sup>4</sup> and are summarised below:

- The general arrangement ('**Standard GSP**') grants duty reductions for around 66% of all EU tariff lines to low-income or lower-middle income countries<sup>5</sup>, which do not benefit from other preferential trade access to the EU market. During the 2016-2017 reporting period there were 23 Standard GSP beneficiaries (see Table 1).
- The special incentive arrangement for Sustainable Development and Good Governance ('**GSP+**') grants full duty suspension for essentially the same 66% of tariff lines as Standard GSP to eligible countries vulnerable in terms of economic diversification and export volumes. In return, beneficiary countries must ratify and effectively implement 27 core international conventions, as listed in the GSP Regulation, which cover human and labour rights, environmental protection and good governance. During the 2016-2017 reporting period, there were 10 GSP+ beneficiaries (see Table 2).
- The special arrangement Everything But Arms ('**EBA**') grants full duty-free, quota-free access for all products except arms and ammunition to countries classified by the UN as Least Developed Countries ('LDCs'). Other than for Standard GSP and GSP+, countries do not lose EBA status by entering into a Free Trade Agreement (FTA)

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<sup>1</sup> The first biennial GSP report covering the years 2014 and 2015 was published in January 2016: [http://trade.ec.europa.eu/doclib/docs/2016/january/tradoc\\_154180.pdf](http://trade.ec.europa.eu/doclib/docs/2016/january/tradoc_154180.pdf).

<sup>2</sup> Regulation (EU) No 978/2012 applying a scheme of generalised tariff preferences

<sup>3</sup> [http://trade.ec.europa.eu/doclib/docs/2015/october/tradoc\\_153846.pdf](http://trade.ec.europa.eu/doclib/docs/2015/october/tradoc_153846.pdf)

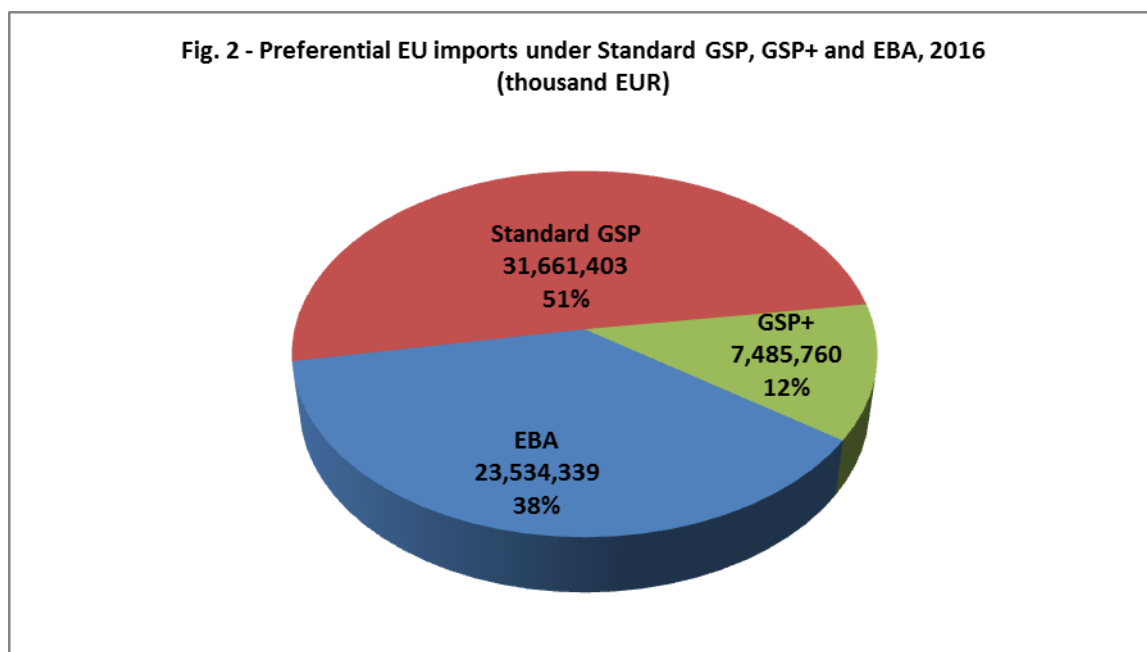
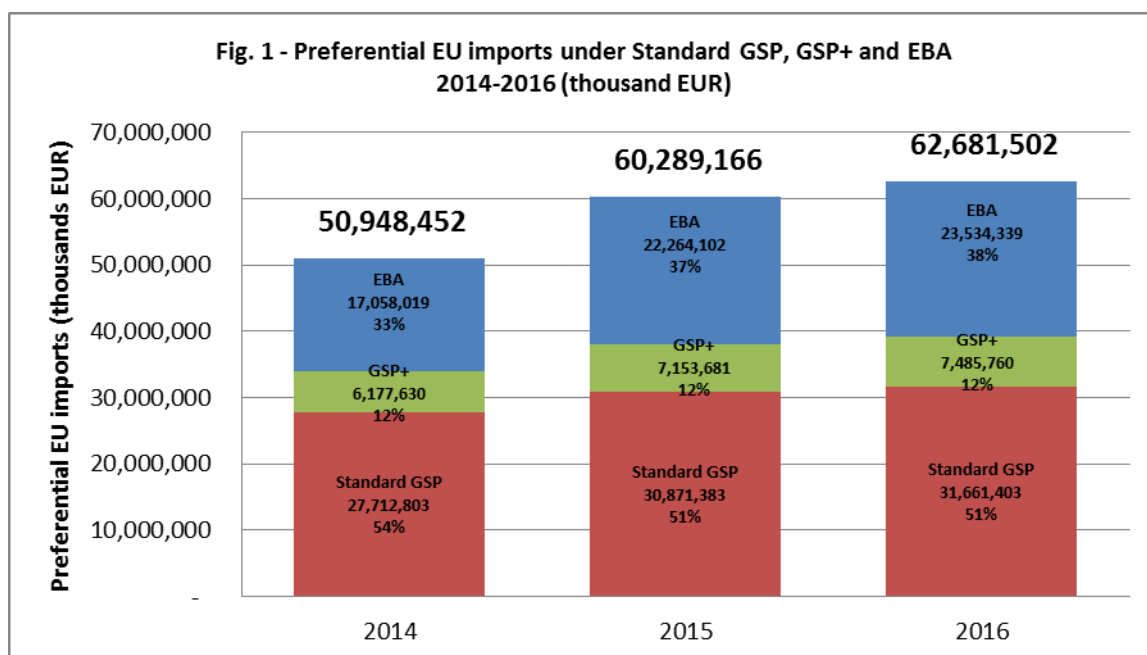
<sup>4</sup> [http://trade.ec.europa.eu/doclib/docs/2016/january/tradoc\\_154180.pdf](http://trade.ec.europa.eu/doclib/docs/2016/january/tradoc_154180.pdf)

<sup>5</sup> <http://databank.worldbank.org/data/download/site-content/CLASS.xls>

with the EU. During the 2016-2017 reporting period, there were 49 EBA beneficiaries (see Table 3).

In 2016, EUR 62.6 billion of imports entered the EU under GSP preferences, divided as follows: EUR 31.6 billion from Standard GSP countries, around EUR 7.5 billion from GSP+ beneficiaries and EUR 23.5 billion from EBA countries (details are given in Tables 4 - 7)<sup>6</sup>.

Figures 1 and 2 below provide an overview of imports under the three GSP arrangements.



<sup>6</sup> Source for all statistics in this report: Eurostat data as of September 2017. Total imports from third countries may be lower than the real total imports because of the exclusion of: confidential trade, CN chapter 99 which is not part of GSP agreements, and trade for inward and outward processing.

As shown in Figure 3, the two countries that took up the largest part of all EU imports from GSP beneficiaries (including non-GSP imports) are India and Vietnam – both Standard GSP beneficiaries. The third largest is Bangladesh, an EBA beneficiary.

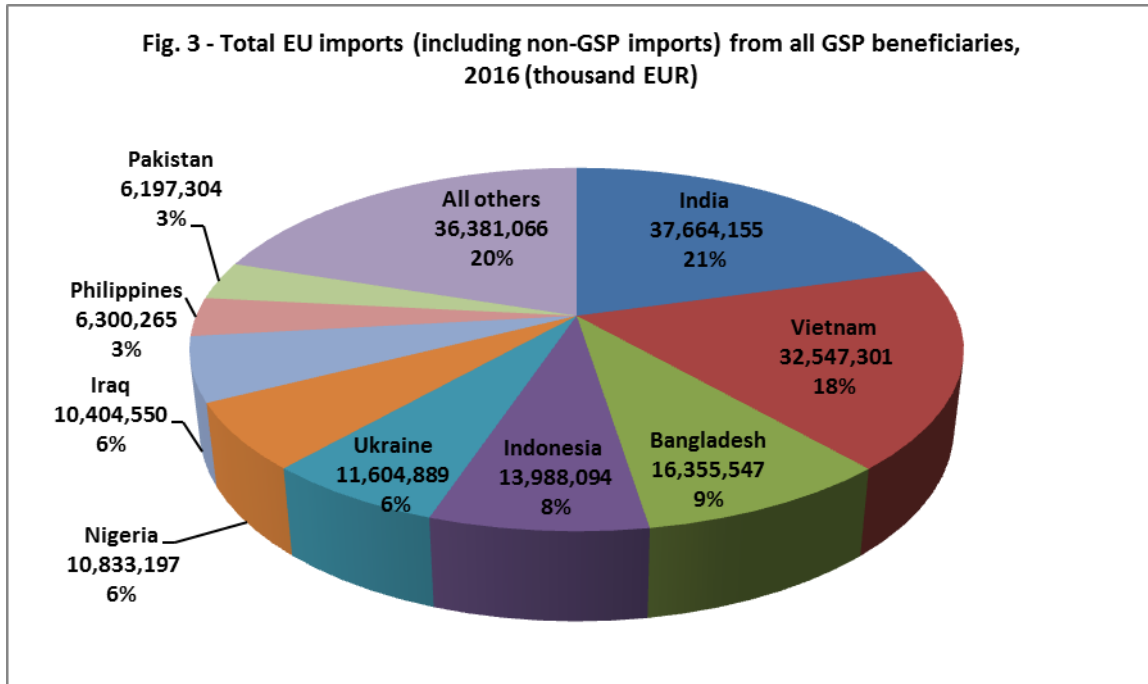
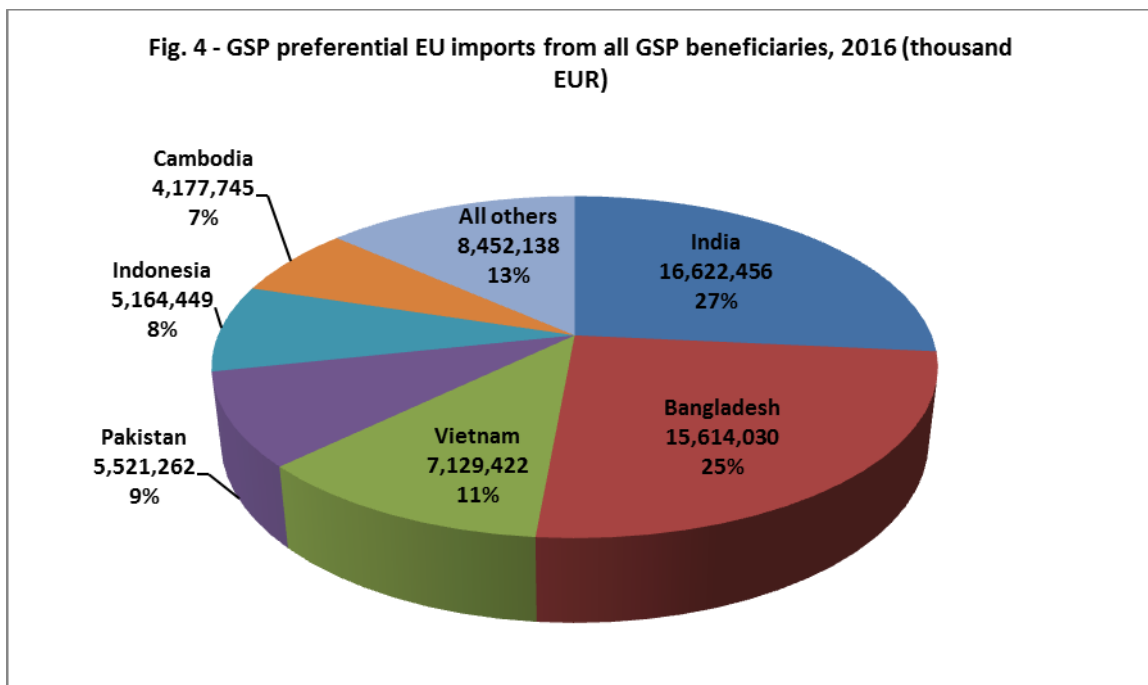


Figure 4 shows that India, Bangladesh and Vietnam are also the three largest beneficiaries on the basis of GSP preferential imports only.



## 2. THE STANDARD GSP ARRANGEMENT

During the 2016-2017 reporting period, 23 countries benefited from Standard GSP (Table 1). In this period, five countries left the Standard GSP due to changes to their access to the EU market (covered by an FTA) or to their economic status (classification by the World Bank as upper-middle income country or above for three consecutive years). Figure 5 below shows the breakdown of preferential imports<sup>7</sup> to the EU under the Standard GSP scheme in 2016.

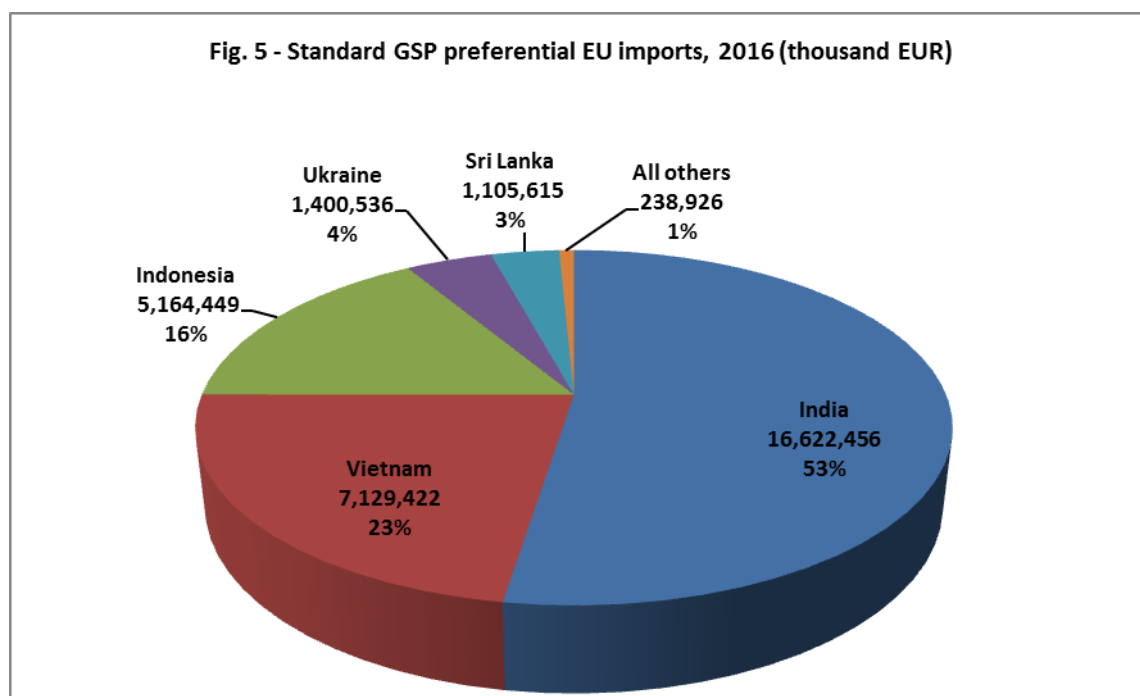
### India

From 2014 onwards, several product sections, including textiles, were graduated from GSP as they no longer qualified for GSP trade preferences. Despite graduation, India remains the biggest exporter to the EU under the GSP. In 2016, India exported EUR 7.6 billion worth of textiles and clothing to the EU, of which EUR 5.7 billion under Standard GSP.

### Vietnam

In 2016, Vietnam accounted for 23% of total imports from all standard GSP beneficiaries together. Looking only at the GSP imports from Vietnam, footwear accounted for nearly 40%.

The list of product sections originating in Standard GSP beneficiary countries is reviewed every three years. The last review took place in 2016, leading to a revised list of product sections that entered into force on 1 January 2017<sup>8</sup>. Products that no longer required the support of GSP preferences were removed from the product list.



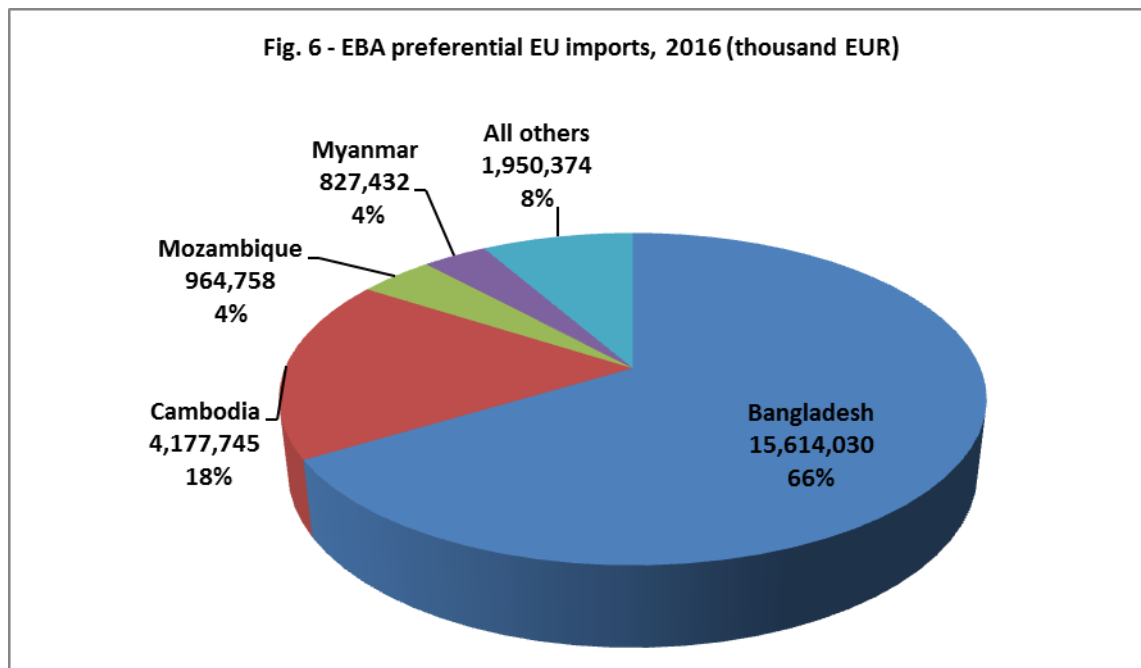
<sup>7</sup> Preferential imports are the eligible imports for which GSP preferences were actually used.

<sup>8</sup> Commission Implementing Regulation (EU) 2016/330 of 8 March 2016 (OJ L 62, 9.3.2016, p.9)

### 3. THE EBA ARRANGEMENT

EBA is the EU's flagship trade instrument designed to help the world's poorest and weakest countries, the LDCs, take advantage of trading opportunities. During the 2016-2017 reporting period there were 49 EBA beneficiaries (see Table 3).

Figure 6 provides a breakdown of the value and percentage of preferential imports from EBA beneficiaries during 2016. The largest share of EBA imports came from Bangladesh (66%), followed by Cambodia (18%).



#### 3.1. Enhanced engagement with certain EBA beneficiaries

As stated in the Commission's *Trade for All* strategy, the EU can temporarily withdraw Standard GSP or EBA preferences in exceptional circumstances, notably in cases of serious and systematic violation of principles laid down in the human rights and labour rights conventions listed in the GSP Regulation.

Through enhanced engagement, the EU intensified the dialogue with some EBA countries to press for concrete actions on and sustainable solutions to serious shortcomings in respecting fundamental human and labour rights. If the dialogue fails to produce results, the EU remains ready, as a last resort, to launch the GSP withdrawal procedure with due consideration for the economic and social impact of such a withdrawal.

##### *Myanmar*

*Myanmar was reinstated as an EBA beneficiary in 2013, as a recognition of its efforts to launch ambitious political, social and labour reforms. The recent humanitarian and human rights situation in Rakhine State is extremely serious. The EU has urged the Myanmar Government to grant full humanitarian access and enable the safe, voluntary and dignified return of all refugees. The EU called on Myanmar to find a long-term solution to the structural issues in Rakhine State, in line with its international commitments and respect of EBA requirements.*

Regarding Myanmar, the EU is, together with the United States, Japan, Denmark and the ILO, part of the "*Initiative to Improve Labour Rights and Practices in Myanmar*" designed to promote the compliance with ILO international labour standards and responsible business practices. This international stakeholder forum helps to raise as a priority the labour law reform process in Myanmar and to foster relationships between the social partners.

Following declining human and labour rights situations in Bangladesh and Cambodia, the Commission and EEAS have engaged more actively with these two countries and involving relevant stakeholders, including NGOs, CSOs, international organisations, social partners, and businesses.

### **Bangladesh**

*EBA has contributed to its socio-economic development by generating millions of employment opportunities in the ready-made garment industry where the large majority of workers are women. This must, however, go hand-in-hand with the respect of fundamental human and labour rights, in particular freedom of association, in order to contribute to increased prosperity and decent work. The EU needs to see real and sustained improvements if further steps are to be avoided.*

In Bangladesh, the Commission has raised concerns regarding labour rights, in particular freedom of association and the implementation of the joint initiative known as the "*Compact for Continuous Improvements in Labour Rights and Factory Safety in the Ready-Made Garment and Knitwear Industry in Bangladesh*". The EU has in particular raised the alignment of the Bangladesh Labour Act (BLA) and the Export Processing Zone (EPZ) Act with the ILO labour rights conventions as one of the priority actions.

### **Cambodia**

*The EU is engaging with Cambodia to address human rights issues related to land disputes arising from sugarcane concessions and labour rights issues, in particular freedom of association. The EU needs to see real and sustained improvements, if further steps are to be avoided.*

With Cambodia, the EU has urged the Government to establish an independent and transparent mechanism in order to deal with claims for compensation arising from the granting of Economic Land Concessions (ELCs) to sugar cane plantations.

Enhanced engagement is primarily based on the available recommendations and conclusions of the ILO and other UN bodies monitoring the human rights and labour rights conventions. The use of these recommendations and conclusions allows for an objective and transparent way of assessing the implementation of the international commitments undertaken.

The process has helped to build pressure on governments in order to address issues of concern, and is seeing some positive developments. In parallel, the issues were raised in a coherent and coordinated manner through all relevant channels (such as trade committees, political or human rights dialogues).

Progress is encouraging. Nonetheless, the EU is ready to launch the GSP withdrawal procedure, as a last resort, in case our constructive efforts through the dialogues fail to produce satisfactory results. Such a decision will give due consideration to the negative economic, social and human consequences related to the potential withdrawal of GSP preferences.

#### 4. THE GSP+ ARRANGEMENT

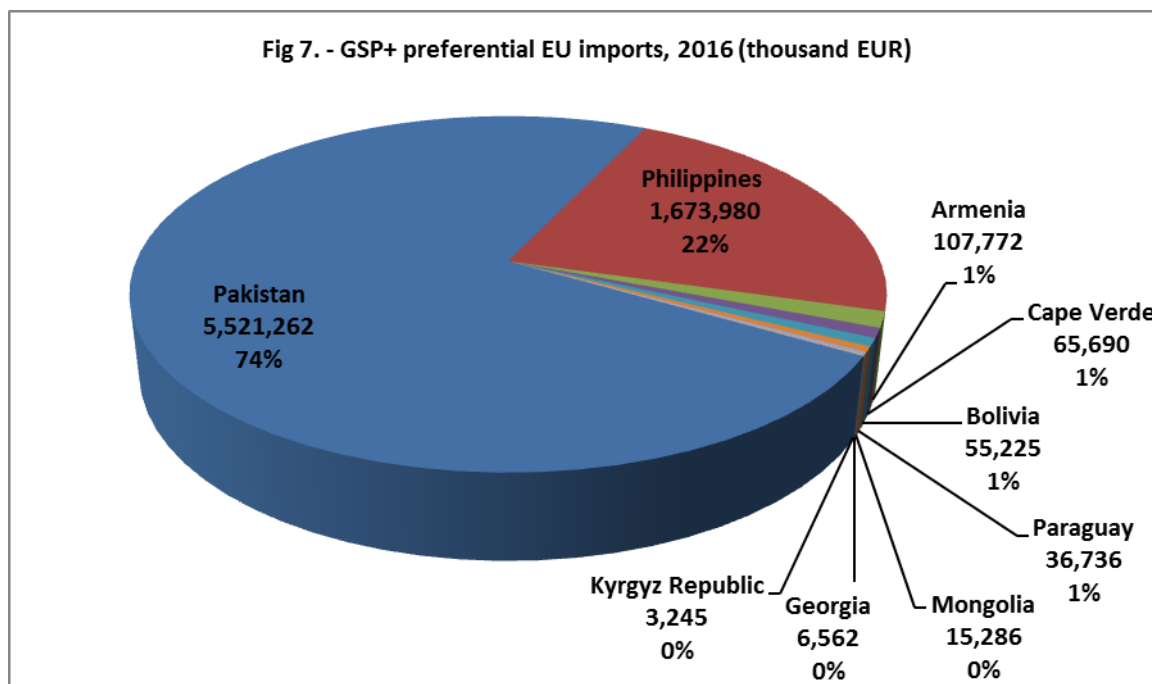
GSP+ is one of the EU's primary tools to promote sustainable development in vulnerable developing countries. GSP+ countries benefit from easier trade with the EU, with the condition that they effectively implement the 27 core international conventions on human and labour rights, environmental protection and good governance.

##### 4.1. GSP+ beneficiaries

The 2016-2017 reporting period covers 10 GSP+ beneficiaries: Armenia, Bolivia, Cabo Verde, Georgia, Kyrgyzstan, Mongolia, Pakistan, Paraguay, the Philippines and Sri Lanka (see Table 2).

Georgia ceased to benefit from GSP+ on 1 January 2017, as it obtained preferential market access under a Deep and Comprehensive Free Trade Agreement (DCFTA) with the EU. Kyrgyzstan became a GSP+ beneficiary shortly after the start of the reporting period (January 2016). Sri Lanka re-entered GSP+ in May 2017, after having been removed in 2010. Classified for three consecutive years by the World Bank as an upper middle income country, Paraguay will leave GSP+ on 1 January 2019.

Figure 7 below presents the value of preferential imports<sup>9</sup> from GSP+ countries in 2016. The largest share came from Pakistan, which accounted for 74% of all GSP+ imports.



<sup>9</sup> Preferential imports are eligible imports for which GSP+ preferences were actually used.



## 4.2. GSP+ monitoring

GSP+ is based on the concept of sustainable development. When joining the GSP+, beneficiaries commit to effectively implement the 27 core conventions in return for better access to the EU market.

GSP+ beneficiaries are expected to show ownership and political commitment and – most importantly – to continuously improve their compliance over time, despite the shortcomings identified.

In GSP+ monitoring, the EU engages with the beneficiary country on all areas where implementation is unsatisfactory.

### 4.2.1. Engagement with stakeholders

The burden of proof for compliance with the GSP+ binding undertakings rests with the beneficiary country<sup>10</sup>. Beneficiary countries should provide all information necessary to allow the EU to assess their GSP+ compliance. The EU assessment relies primarily on the most recent reports and recommendations from international monitoring bodies, such as the ILO and the UN. The EU actively engages with these international organisations, in particular as UN reports are issued every 4-5 years, which is a longer interval than the two-year GSP+ reporting cycle. Meetings with UN and ILO monitoring bodies, and their local representatives, take place prior to and during EU GSP+ monitoring missions.

The EU also makes use of a wide range of other information and meets with civil society organisations (CSOs), including trade unions, human rights defenders, businesses and employers before and during monitoring missions, both in the EU and in the beneficiary country. A Civil Society Dialogue was held in June 2017 to consult CSOs and gather their input and views<sup>11</sup>.

The European Parliament (EP) and the Council are actively involved in the implementation of GSP+ and the monitoring of beneficiaries' compliance. Regular

### *Bolivia*

*Bolivia continued to make substantial progress in effectively implementing human rights commitments in 2016-2017, notwithstanding the overall socioeconomic situation. In particular, Bolivia has made efforts to eradicate poverty, improve access to education, health, food and housing and address reproductive health issues. However, a major concern remains the minimum age for admission to work, which is not compatible with ILO Convention 138.*

### *Pakistan*

*There have been positive developments in strengthening the human rights framework and legislative actions on the rights of women, children, minorities and labour rights, with legislation on, inter alia, torture, juvenile justice and transgender rights in the pipeline. However, these areas, as well as the use of torture, application of the death penalty, high prevalence of child labour and freedom of expression pose serious concerns. The overall human rights situation is therefore mixed and Pakistan must step-up its efforts to ensure enforcement and implementation of legislation.*

### *Sri Lanka*

*Sri Lanka has taken important steps to improve governance and respect for human rights. Sri Lanka is engaging well with the UN system. However, the Government has not yet delivered on a number of important reforms that are of direct relevance for the effective implementation of the human rights conventions under GSP+, in particular the repeal of the Prevention of Terrorism Act, ensuring fundamental legal safeguards and addressing the use of torture.*

<sup>10</sup> Article 15(2) of the GSP Regulation (Regulation (EU) No 978/2012)

<sup>11</sup> [http://trade.ec.europa.eu/doclib/docs/2017/august/tradoc\\_155993.07.17%20report%20for%20web%20page.pdf](http://trade.ec.europa.eu/doclib/docs/2017/august/tradoc_155993.07.17%20report%20for%20web%20page.pdf)

meetings with Member States are organised in the format of the GSP Expert Group and the Council GSP Working Party. Issues discussed with Member States' experts included the scorecards replies received from GSP+ beneficiaries and debriefings on GSP+ monitoring missions.

During the 2016-2017 period, the EP's Committee on International Trade (INTA) organised several exchanges of views on GSP, including on progress by GSP+ beneficiaries, monitoring visits, and the role of CSOs in GSP+ applications. The Commission and the EEAS also benefited from the involvement of EP delegations' missions to specific GSP+ countries.

**Mongolia**  
*GSP+ dialogue and support provided through an EU-funded ILO project encouraged Mongolia to revise its Labour Law. Mongolia approved a National Program on Gender Equality to develop gender-sensitive policies by 2021. The newly adopted Criminal Code provides a definition of 'torture' in line with the Convention against Torture. The possible re-introduction of the death penalty and the prevalence of corruption, having a pervasive impact on the human rights situation, are serious concerns.*

#### 4.2.2. *The GSP+ monitoring missions*

GSP+ monitoring uses two inter-related tools. The first is the 'scorecard', which is a list of the most salient shortcomings identified by the respective international monitoring bodies (or any other accurate and reliable source) for each convention. All GSP+ beneficiaries receive such a scorecard annually and are asked to respond to the shortcomings listed.

**Philippines**  
*Progress has been noted in areas such as gender equality, trafficking in persons, labour rights, health, education, social-economic rights, fight against corruption and protection of the environment. President Duterte signed the EU-Philippines Partnership and Cooperation Agreement, now with the Senate for approval. However, extrajudicial killings, in particular in the fights against illegal drugs, and related impunity continue to be a serious concern, as well as the possible reintroduction of the death penalty and the lowering of the age of criminal responsibility.*

The second tool is the 'GSP+ dialogue' including the GSP+ monitoring missions, through which the EU engages with authorities in a frank and open discussion on identified shortcomings and remedial actions. During the 2016-2017 reporting period, the Commission and the EEAS performed monitoring missions in Armenia, Bolivia, Cabo Verde, Kyrgyzstan, Mongolia, Pakistan, Paraguay, the Philippines and Sri Lanka.

The GSP+ monitoring missions allowed for direct and high-level contacts with governments, ministries and agencies, as well as businesses, local NGOs and CSOs. Coordination meetings were held with international UN and ILO organisations present in the countries, such as the Office of the UN High Commissioner for Human Rights, the UN Development Programme (UNDP), and the UN Office on Drugs and Crime (UNODC). This improved the overall understanding amongst stakeholders of the GSP+ system and of each GSP+ beneficiary's specific commitment, also facilitating the collection of on-the-ground input from key stakeholders.

Local stakeholders play an important role in pushing regional and central authorities to meet their GSP+ commitments. In particular, as direct beneficiaries of tariff preferences, businesses are expected to support the authorities in implementing the relevant 27 conventions.

### ***GSP+ mission to Kyrgyzstan (June 2016)***

*As Kyrgyzstan had joined GSP+ only in January 2016, the mission was devoted to introducing GSP+ and preliminary monitoring. The back-to-back GSP+ monitoring meetings with the Human Rights Dialogue proved to be very effective, as the latter also addressed GSP+ relevant issues such as prevention of torture and mistreatment in detention facilities and work to improve inter-ethnic relations, counter discrimination, diminish the practice of bride-kidnapping and improve children rights. Businesses were keen on learning about the economic advantages of GSP+.*

### ***GSP+ Mission to Bolivia (June 2016)***

*Child labour was discussed as a matter of high priority, with a particular focus on the lowering of the working age for children. With the largest proportion of indigenous people in South America (about 66% of the total population), the right of indigenous peoples to prior consultation and informed consent on land access was highlighted as well.*

### ***GSP+ Mission to Cabo Verde (July 2017)***

*Cabo Verde's overall human rights record continues to be positive. Persistent issues include gender-based violence, rights of the child and delays in reporting. As for the latter issue, Cabo Verde is making notable efforts to address this in close collaboration with the ILO in an EU-funded capacity-building project.*

### ***GSP+ Mission to Paraguay (June 2016)***

*Positive initiatives on human rights include the establishment of the Monitoring System on International Recommendations on Human Rights (SIMORE) with OHCHR support. Child labour, notably linked to the practice of "criadazgo" (domestic work) was discussed during the mission as one of the key concerns.*

### ***GSP+ Mission to Pakistan (November 2016)***

*The second GSP+ mission noted positive institutional (e.g. establishment of the National Commission on Human Rights and a National Action Plan for Human Rights) and legislative (e.g. adoption of anti-rape and anti-honour killing laws) developments. At the same time, serious challenges remain, including on the rights of women, children and minorities, freedom of expression, the application of the death penalty, torture, and the capacity to implement and enforce legislation.*

### ***GSP+ Mission to the Philippines (Jan – Feb 2017)***

*Positive developments in areas such as gender equality, human trafficking, labour rights, reproductive health and protection of the environment were noted. Progress on key issues is dependent on legislation still pending in Congress. Serious concerns remain on the way the campaign against illegal drugs is conducted, in particular concerning the right to life, legal safeguards, effective investigation and prosecution, on the cooperation with UN mechanisms as well as on the possible re-introduction of the death penalty and the possible lowering of the age of criminal responsibility.*

### ***GSP+ Mission to Mongolia (March 2017)***

*The first GSP+ monitoring visit noted positive legislative developments, such as the entry into force of the new Criminal Code, the revised Law on Domestic Violence, and the Law on Child Protection and the Law on the Rights of Children. Mongolia made good progress on ILO reporting with the help of an EU-funded project. Mongolia also aims to improve its capacity to reap the full trade benefits of GSP+.*

### ***GSP+ Mission to Armenia (June 2017)***

*The most salient issues to be tackled by Armenia were thoroughly discussed, including the effective implementation of the 2014-2016 and 2017-2019 human rights action plans, the submission to the Parliament of the new Judicial Code, Criminal Code and Criminal Procedural Code, a standalone law against domestic violence and a comprehensive anti-discrimination law in line with international standards, the need to (re)establish a labour inspection system and to make progress towards Category I status under the CITES Convention.*

### ***GSP+ Mission to Sri Lanka (September 2017)***

*The first monitoring mission after Sri Lanka was granted GSP+ in May 2017, which also included a visit to Jaffna, noted that overall Sri Lanka is making progress in implementing the 27 conventions. However, more efforts are needed to repeal the Prevention of Terrorism Act, address the prevalent use of torture, account for enforced disappearances, return land in former conflict areas and combat trade union discrimination and unfair labour practices.*

### 4.3. Technical assistance and development projects

During the reporting period, the Commission and the ILO carried out specific GSP+ projects<sup>12</sup> to support compliance with ILO reporting and implementation requirements in the following GSP+ countries: Armenia, Cabo Verde, Mongolia, Pakistan, Paraguay and the Philippines. These projects will continue during the next two years.

In Armenia, Paraguay and the Philippines, the focus was on strengthening the public administrations' capacity to effectively apply the fundamental ILO conventions. In Cabo Verde, the ILO supported the local administration to submit the overdue ILO reports. In Pakistan, the main objective was to support the drafting of legislation and related implementation initiatives on the elimination of child labour and forced labour. In Mongolia, in addition to capacity building for timely reporting, the ILO assisted in the alignment of legislation with the ILO Convention on the Right to Organise and to Bargain Collectively.

#### *Highlights of EU-ILO projects in GSP+ countries*

##### **Cabo Verde**

In Cabo Verde, the EU's GSP+ action has improved awareness of the fundamental ILO Conventions amongst the tripartite constituents (government, employers, and workers). It has also promoted tripartite discussions on legislation in light of comments made by the ILO supervisory bodies. In addition, Cabo Verde is now up-to-date with its reports on Conventions 87 and 98 concerning freedom of association and the right to organise and to bargain collectively. Social partners have become more aware of their role and better equipped to address the comments of the ILO supervisory bodies.

##### **Mongolia**

The EU-ILO project helped Mongolia improve International Labour Standards (ILS) compliance and reporting. The project reviewed the Mongolian translation of the fundamental ILO Conventions and helped Mongolia better understand its commitments. The project also resulted in tripartite consultations on the revision of the Labour Law, which is now better aligned with fundamental principles and rights at work. Through a policy brief on ILS and trade in English and Mongolian, as well as high-level dialogues and workshops, the Government, workers' and employers' organisations improved their understanding of fundamental principles and rights at work. Thanks to the technical assistance, Mongolia is now up-to-date with its ILS reporting.

##### **Pakistan**

The EU-funded capacity building initiative has enabled federal and provincial labour departments to improve their reporting on the ratified ILO Conventions. The ILO workshops held in January, February and April 2017 contributed to strengthening the social dialogue in the Federal and Provincial Tripartite Consultative Committees. At the workshops, labour departments met with employers' and workers' organisations to improve their understanding of core labour standards.

As part of the EU GSP+ action and in response to newly delegated legislative responsibilities, the ILO also offered specific technical support to the Government of

<sup>12</sup> [http://trade.ec.europa.eu/doclib/docs/2017/july/tradoc\\_155843.pdf](http://trade.ec.europa.eu/doclib/docs/2017/july/tradoc_155843.pdf)

Balochistan in the drafting of a set of revised labour laws. Consultations took place with the social partners to ensure that the laws are better aligned with ILO principles.

### **Philippines**

The EU GSP+ action in the Philippines focused on creating an environment conducive to freedom of association and collective bargaining, following the recommendations of an ILO Direct Contacts Mission in February 2017. The EU GSP+ action enabled discussions between the labour department and the social partners, which have resulted in a tripartite manifesto committing to the effective implementation of the principles of freedom of association and collective bargaining and to creating a national action plan to this effect.

Furthermore, in 2017, projects aimed at supporting local CSOs<sup>13</sup> and social partners participation in GSP+ were launched in all GSP+ countries. In the course of 2017, the project teams conducted fact-finding missions to identify the key issues for their projects, which will be carried out with local CSOs. Over the next reporting period, the Commission will continue to consider ways of supporting beneficiaries through expertise, technical assistance and specific projects on capacity-building.

#### **4.4. Accompanying this Report: Staff Working Document on GSP+**

As the 2016 GSP report, this second biennial report on GSP is accompanied by a Staff Working Document (SWD) on GSP+. The SWD provides a comprehensive assessment of individual GSP+ beneficiaries' compliance with their GSP+ obligations per cluster: human rights, labour rights, environment and good governance. It assesses progress, shortcomings, future actions and priorities towards achieving effective implementation of the 27 core conventions.

#### **4.5. Mid-Term Evaluation Report**

In accordance with the GSP Regulation<sup>14</sup>, the Commission is to submit a Mid-Term Evaluation Report on the application of the GSP Regulation to the European Parliament and to the Council five years after the entry into force of the GSP Regulation. This Mid-Term Evaluation Report will assess whether the GSP Regulation reaches its objectives. Its conclusions will be taken into account for the design of the next GSP. The report is expected to be adopted during the first semester of 2018.

## **5. CONCLUSIONS**

The biennial report on GSP tracks the implementation of the current GSP scheme since its tariff preferences started to apply in January 2014. The accompanying SWD sets out the human rights, social and environmental situation in the GSP+ beneficiary countries and provides a platform for civil society engagement with beneficiary countries' governments.

During the present monitoring cycle, GSP+ beneficiaries were urged to increasingly take ownership of the implementation of the 27 conventions and to be more proactive in

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<sup>13</sup> [http://trade.ec.europa.eu/doclib/docs/2017/july/tradoc\\_155843.pdf](http://trade.ec.europa.eu/doclib/docs/2017/july/tradoc_155843.pdf)

<sup>14</sup> Regulation (EU) No 978/2012 applying a scheme of generalised tariff preferences

addressing the issues listed in the scorecards and raised during the GSP+ monitoring missions.

Kyrgyzstan, which joined GSP+ in January 2016, features for the first time in this report. Sri Lanka re-joined GSP+ in May 2017, the monitoring period therefore covers less than 6 months. In Armenia, the monitoring mission proved to be a valuable way to involve local civil society. In the absence of recent reports to the UN and ILO, the monitoring mission to Cabo Verde was crucial to collect the information needed for EU's assessment. The monitoring mission to the Philippines was an opportunity for the EU to express its concerns on recent human rights developments, while also recognising progress on labour rights and socio-economic policies. In Paraguay and Bolivia, the issue of child labour was openly discussed with the participation of all relevant stakeholders, including the ILO and UNICEF. Georgia features for the last time as it has phased out of the GSP+ due to its DCFTA with the EU.

Overall, the GSP+ monitoring provided a structured approach and a solid basis for the assessment of each GSP+ beneficiary, building on the findings of UN and ILO monitoring bodies and on information provided by third parties, including civil society, social partners, the European Parliament and the Council. GSP+ monitoring is fully integrated into the EU's bilateral framework and dialogues, including the Human Rights Dialogues. In particular, GSP+ has supported countries like Pakistan, Sri Lanka, Mongolia and Bolivia to intensify their engagement in the EU Human Rights Dialogues. At the same time, the Human Rights Dialogues provided a platform to discuss GSP+ related human rights issues. GSP+ has improved synergies and led to a mutually reinforcing leverage of the two tools.

Whilst GSP is an important enabling tool to address human rights and labour concerns in beneficiary countries, the EU is committed to use all relevant policies and instruments to support them in achieving their sustainable development and good governance goals. Given the nature of such issues and the need for structural and lasting solutions, GSP engagement requires a steady long-term commitment by both the EU and beneficiary countries.

The next reporting period covering 2018 and 2019 will be launched with a new biennial cycle of scorecards and monitoring missions in the first half of 2018. By the end of 2019, the Commission will submit its third biennial report on GSP to the European Parliament and the Council, with a particular focus on evaluating trends in all GSP+ beneficiaries.

## 6. BENEFICIARIES OF THE STANDARD GSP SCHEME AND EBA SCHEME

**Table 1 – Standard GSP Beneficiaries 2016-2017**

	Standard GSP beneficiaries during the 2016 - 2017 reporting period	Changes in beneficiary status during 2016-2017
1.	Cameroon	Left the scheme on 1 January 2017
2.	Cook Islands	
3.	Cote d'Ivoire	
4.	Fiji	Left the scheme on 1 January 2017
5.	Ghana	
6.	India	
7.	Indonesia	
8.	Iraq	Left the scheme on 1 January 2017
9.	Kenya	
10.	Marshall Islands	Left the scheme on 1 January 2017
11.	Micronesia (Federate States of)	
12.	Nauru	
13.	Nigeria	
14.	Niue	
15.	Republic of Congo	
16.	Sri Lanka	Left the scheme on 18 May 2017 following GSP+ Status
17.	Swaziland	
18.	Syria	
19.	Tajikistan	
20.	Tonga	
21.	Ukraine	Will leave the scheme on 1 January 2018
22.	Uzbekistan	
23.	Vietnam	

**Table 2 – GSP+ Beneficiaries 2016-2017**

	GSP+ beneficiaries during the 2016 -2017 reporting period	Changes in GSP+ beneficiary status during 2016-2017
1.	Armenia	
2.	Bolivia	
3.	Cabo Verde	
4.	Georgia	Left the scheme on 1 January 2017
5.	Kyrgyzstan	Joined the scheme on 27 January 2016
6.	Mongolia	
7.	Pakistan	
8.	Paraguay	
9.	The Philippines	
10.	Sri Lanka	Joined the scheme on 18 May 2017

**Table 3 – EBA Beneficiaries 2016-2017**

EBA beneficiaries during the 2016-2017 reporting period			
1.	Afghanistan	27.	Mauritania
2.	Angola	28.	Malawi
3.	Bangladesh	29.	Myanmar/Burma
4.	Bhutan	30.	Mozambique
5.	Burkina Faso	31.	Nepal
6.	Burundi	32.	Niger
7.	Benin	33.	Rwanda
8.	Cambodia	34.	Samoa
9.	Chad	35.	Sierra Leone
10.	Democratic Republic of Congo	36.	Senegal
11.	Central African (Republic)	37.	Solomon Islands
12.	Comoros Islands	38.	Somalia
13.	Djibouti	39.	South Sudan
14.	Eritrea	40.	Sudan
15.	Ethiopia	41.	Sao Tome and Principe
16.	Gambia	42.	Tanzania
17.	Guinea	43.	Timor-Leste
18.	Equatorial Guinea	44.	Togo
19.	Guinea-Bissau	45.	Tuvalu
20.	Haiti	46.	Uganda
21.	Kiribati	47.	Vanuatu
22.	Lao (People's Democratic Republic)	48.	Yemen
23.	Liberia	49.	Zambia
24.	Lesotho		
25.	Madagascar		
26.	Mali		



## 7. TABLES WITH STATISTICAL INFORMATION COVERING COUNTRIES BENEFITING FROM GSP ON 1 DECEMBER 2016

**Table 4 – Value of preferential imports for all GSP countries (thousand EUR)**

	2014				2015				2016			
	Total imports	GSP eligible imports	GSP preferential imports	Utilisation rate	Total imports	GSP eligible imports	GSP preferential imports	Utilisation rate	Total imports	GSP eligible imports	GSP preferential imports	Utilisation rate
<b>Standard GSP</b>	136,293,050	37,617,869	27,712,803	74%	138,379,251	45,327,097	30,871,383	68%	130,968,548	47,080,530	31,661,403	67%
<b>GSP+</b>	13,324,942	7,129,263	6,177,630	87%	15,476,883	8,413,704	7,153,681	85%	15,132,431	8,687,292	7,485,760	86%
<b>EBA</b>	37,500,741	19,614,129	17,058,019	87%	37,922,199	23,735,273	22,264,102	94%	36,175,387	25,573,515	23,534,339	92%
<b>All GSP</b>	<b>187,118,733</b>	<b>64,361,261</b>	<b>50,948,452</b>	<b>79%</b>	<b>191,778,333</b>	<b>77,476,074</b>	<b>60,289,166</b>	<b>78%</b>	<b>182,276,366</b>	<b>81,341,337</b>	<b>62,681,502</b>	<b>77%</b>

**Table 5 - Value of preferential imports to the EU by Standard GSP country (thousand EUR)**

Standard GSP	2014				2015				2016			
	Total imports	GSP eligible imports	GSP preferential imports	Utilisation rate	Total imports	GSP eligible imports	GSP preferential imports	Utilisation rate	Total imports	GSP eligible imports	GSP preferential imports	Utilisation rate
	<b>136,293,050</b>	<b>37,617,869</b>	<b>27,712,803</b>	<b>73.7%</b>	<b>138,379,251</b>	<b>45,327,097</b>	<b>30,871,383</b>	<b>68.1%</b>	<b>130,968,548</b>	<b>47,080,530</b>	<b>31,661,403</b>	<b>67.2%</b>
Cameroon	2,148,042	32,560	39	0.1%	1,781,293	150,204	12,054	8.0%	1,773,132	120,563	6,323	5.2%
Congo	1,523,993	82,830	67,269	81.2%	1,764,705	40,965	31,126	76.0%	1,048,910	34,069	14,331	42.1%
Cook Islands	1,496	97	61	62.8%	1,906	58	3	5.2%	8,660	246	31	12.7%
Fiji	97,685	1,301	3	0.2%	85,504	5,532	421	7.6%	60,313	6,767	142	2.1%
Ghana	2,864,884	150,575	127	0.1%	2,631,417	737,363	804	0.1%	2,287,705	683,385	868	0.1%
India	35,582,745	16,987,636	15,031,426	88.5%	37,822,096	18,910,730	16,698,497	88.3%	37,664,155	18,864,567	16,622,456	88.1%
Indonesia	13,917,691	6,279,700	4,511,742	71.8%	14,672,861	7,176,336	5,017,542	69.9%	13,988,094	7,272,570	5,164,449	71.0%
Iraq	11,518,140	5,232	146	2.8%	12,100,516	7,918	2,080	26.3%	10,404,550	3,832	1,041	27.2%
Ivory Coast	3,247,091	319,695	366	0.1%	4,241,390	1,287,254	3,261	0.3%	4,523,986	1,294,501	2,070	0.2%
Kenya	1,140,708	190,922	138,111	72.3%	1,302,367	864,017	19,935	2.3%	1,268,292	869,747	16,345	1.9%
Marshall Islands	146,012	423	-	0.0%	116,787	505	-	0.0%	186,992	20,856	-	-
Micronesia	612	171	127	74.3%	538	509	215	42.3%	452	444	112	25.3%
Nauru	82	31	-	0.0%	626	175	-	0.0%	95	53	-	0.0%
Nigeria	27,792,156	207,878	135,410	65.1%	18,402,503	129,416	94,963	73.4%	10,833,197	158,137	102,210	64.6%
Niue	127	108	1	0.8%	227	10	0	1.0%	267	181	-	0.0%
Sri Lanka*	2,163,151	1,799,337	1,073,969	59.7%	2,337,415	1,966,849	1,078,955	54.9%	2,395,894	2,022,993	1,105,615	54.7%
Swaziland	150,572	5,140	46	0.9%	133,591	19,474	109	0.6%	121,857	21,069	56	0.3%
Syria	85,008	25,209	3,443	13.7%	80,265	25,358	4,405	17.4%	49,463	20,213	8,911	44.1%
Tajikistan	52,422	14,897	10,571	71.0%	46,363	12,107	11,286	93.2%	81,953	12,953	11,823	91.3%
Tonga	906	71	54	75.9%	379	136	95	70.3%	863	125	35	28.2%
Ukraine	12,003,711	2,495,103	1,473,299	59.0%	11,309,183	2,676,266	1,185,545	44.3%	11,604,889	3,379,200	1,400,536	41.4%
Uzbekistan	146,175	75,976	60,465	79.6%	117,222	69,750	57,747	82.8%	117,529	86,579	74,625	86.2%
Vietnam	21,709,640	8,942,978	5,206,129	58.2%	29,430,096	11,246,165	6,652,339	59.2%	32,547,301	12,207,480	7,129,422	58.4%

\*GSP+ since 18 May 2017

**Table 6 – Value of preferential imports to the EU by EBA country (thousand EUR)\***

EBA	2014				2015				2016			
	Total imports	GSP eligible imports	GSP preferential imports	Utilisation rate	Total imports	GSP eligible imports	GSP preferential imports	Utilisation rate	Total imports	GSP eligible imports	GSP preferential imports	Utilisation rate
	37,500,741	19,614,129	17,058,019	87.0%	37,922,199	23,735,273	22,264,102	93.8%	36,175,387	25,573,515	23,534,339	92.0%
Afghanistan	35,033	16,943	6,966	41.1%	25,208	6,164	3,691	59.9%	18,932	5,680	2,855	50.3%
Angola	9,361,175	50,117	20,937	41.8%	7,153,713	39,948	18,089	45.3%	4,156,215	69,812	30,828	44.2%
Bangladesh	12,320,951	12,259,151	11,776,557	96.1%	15,085,588	15,017,416	14,642,919	97.5%	16,355,547	16,292,347	15,614,030	95.8%
Benin	44,864	12,270	11,246	91.7%	45,236	5,535	3,968	71.7%	39,234	5,123	4,817	94.0%
Bhutan	14,927	14,790	14,416	97.5%	48,501	16,726	16,102	96.3%	2,606	2,140	1,884	88.0%
Burkina Faso	111,601	11,697	9,849	84.2%	58,116	11,204	9,576	85.5%	109,132	10,911	9,899	90.7%
Burundi	21,359	414	86	20.7%	38,785	362	322	89.0%	31,850	291	260	89.3%
Cambodia	3,019,263	3,008,589	2,778,838	92.4%	4,060,331	4,005,450	3,772,302	94.2%	4,571,947	4,505,346	4,177,745	92.7%
Central African Republic	6,253	181	157	87.0%	12,044	58	3	4.6%	16,544	596	6	1.1%
Chad	13,789	319	-	0.0%	108,771	616	-	0.0%	114,696	1,003	-	0.0%
Comoros	10,640	6,782	1,536	22.6%	10,947	5,605	5,487	97.9%	15,655	7,505	7,168	95.5%
Congo (Democratic Rep)	1,003,279	8,202	6,240	76.1%	481,672	10,079	5,181	51.4%	740,378	5,977	3,566	59.7%
Djibouti	8,233	3,771	62	1.6%	13,103	2,635	-	0.0%	23,592	5,557	211	3.8%
Equatorial Guinea	3,643,048	227,486	210,568	92.6%	1,931,886	45,310	33,132	73.1%	1,237,764	22,825	19,052	83.5%
Eritrea	8,234	2,505	2,378	94.9%	41,742	2,498	2,294	91.9%	13,108	2,172	2,031	93.5%
Ethiopia	550,548	252,196	248,726	98.6%	676,177	333,655	256,378	76.8%	711,534	399,735	245,195	61.3%
Gambia	17,627	9,276	8,561	92.3%	16,900	11,472	11,261	98.2%	14,077	10,535	9,933	94.3%
Guinea	454,347	1,648	658	39.9%	644,545	1,566	740	47.3%	522,968	2,647	811	30.7%
Guinea Bissau	3,329	12	-	0.0%	1,985	1,047	-	0.0%	1,602	404	-	0.0%
Haiti	31,331	17,794	3,324	18.7%	33,006	14,017	12,483	89.1%	39,015	15,527	13,343	85.9%
Kiribati	53	32	25	76.8%	142	59	-	0.0%	152	97	-	0.0%
Laos	222,578	195,086	191,073	97.9%	235,114	195,855	189,968	97.0%	234,482	177,167	169,889	95.9%
Lesotho	247,359	1,566	484	30.9%	254,450	1,993	1,411	70.8%	207,530	2,889	2,047	70.9%
Liberia	284,022	3,400	423	12.4%	187,013	585	-	0.0%	273,678	4,342	379	8.7%
Madagascar	826,063	534,460	21,331	4.0%	922,271	573,703	4,774	0.8%	934,020	702,449	9,850	1.4%
Malawi	289,986	266,631	251,596	94.4%	321,254	287,017	270,725	94.3%	267,862	215,102	214,041	99.5%
Mali	39,253	4,400	3,628	82.5%	39,323	5,510	4,176	75.8%	36,620	5,730	4,776	83.3%
Mauritania	544,977	172,679	164,746	95.4%	475,350	221,069	212,175	96.0%	427,029	224,212	217,873	97.2%
Mozambique	1,346,297	1,143,588	292,715	25.6%	1,423,821	1,170,217	1,137,842	97.2%	1,301,696	970,577	964,758	99.4%
Myanmar	355,447	313,704	298,065	95.0%	645,322	562,714	534,806	95.0%	971,484	875,939	827,432	94.5%
Nepal	86,408	77,883	72,205	92.7%	97,418	86,983	80,420	92.5%	94,310	83,407	77,089	92.4%
Niger	118,520	2,958	1,931	65.3%	116,763	3,308	2,726	82.4%	116,135	3,692	3,080	83.4%
Rwanda	46,415	538	107	20.0%	63,219	937	647	69.0%	51,351	1,991	948	47.6%
Samoa	1,076	867	310	35.8%	2,271	1,778	224	12.6%	1,882	1,475	293	19.9%
Sao Tome and Principe	7,999	175	112	64.0%	8,414	141	98	69.0%	10,382	183	98	53.5%

\* Total imports cover all imports, including products which automatically benefit from most-favoured nation ('MFN') zero tariffs. 'EBA eligible imports' only references the products under the EBA scheme, which do not otherwise benefit from MFN zero duty.

**Table 6 (continued) – Value of preferential imports to the EU by EBA country (thousand EUR)\***

EBA	2014				2015				2016			
	Total imports	GSP eligible imports	GSP preferential imports	Utilisation rate	Total imports	GSP eligible imports	GSP preferential imports	Utilisation rate	Total imports	GSP eligible imports	GSP preferential imports	Utilisation rate
Senegal	391,649	281,694	276,858	98.3%	411,225	293,897	286,079	97.3%	416,309	266,077	255,260	95.9%
Sierra Leone	220,043	480	80	16.6%	238,444	3,939	3,280	83.3%	223,681	1,796	533	29.7%
Solomon Islands	62,985	62,069	61,950	99.8%	68,308	67,718	66,356	98.0%	53,495	52,945	52,848	99.8%
Somalia	2,589	122	6	4.7%	8,587	117	-	0.0%	13,047	569	15	2.7%
South Sudan	117	32	-	0.0%	182	52	-	0.0%	304	106	70	66.7%
Sudan	204,463	107,837	101,344	94.0%	211,637	83,319	81,717	98.1%	182,874	23,463	22,751	97.0%
Tanzania	588,179	281,806	119,833	42.5%	686,687	356,266	346,966	97.4%	620,682	323,841	317,287	98.0%
Timor-Leste	11,955	43	-	0.0%	5,984	47	-	0.0%	5,369	71	-	0.0%
Togo	83,505	20,254	19,154	94.6%	70,005	21,854	20,093	91.9%	102,321	33,250	24,095	72.5%
Tuvalu	513	476	-	0.0%	512	454	-	0.0%	51	28	-	0.0%
Uganda	447,656	149,922	31,573	21.1%	488,899	157,883	154,426	97.8%	444,743	150,527	148,279	98.5%
Vanuatu	1,842	403	334	82.8%	11,748	4,512	414	9.2%	3,334	1,475	370	25.1%
Yemen	83,951	10,574	8,268	78.2%	17,461	7,077	3,016	42.6%	18,623	6,285	4,574	72.8%
Zambia	305,011	76,308	38,765	50.8%	422,117	94,907	67,838	71.5%	425,544	77,696	72,067	92.8%

**Table 7 – Value of preferential imports to the EU by GSP+ country (thousand EUR)\***

GSP+	2014				2015				2016			
	Total imports	GSP eligible imports	GSP preferential imports	Utilisation rate	Total imports	GSP eligible imports	GSP preferential imports	Utilisation rate	Total imports	GSP eligible imports	GSP preferential imports	Utilisation rate
	<b>13,324,942</b>	<b>7,129,263</b>	<b>6,177,630</b>	<b>86.7%</b>	<b>15,476,883</b>	<b>8,413,704</b>	<b>7,153,681</b>	<b>85.0%</b>	<b>15,132,431</b>	<b>8,687,292</b>	<b>7,485,760</b>	<b>86.2%</b>
Armenia	192,932	47,343	42,435	89.6%	268,322	115,211	103,588	89.9%	310,034	116,432	107,772	92.6%
Bolivia	518,567	107,094	102,577	95.8%	596,432	84,340	80,755	95.7%	529,748	58,705	55,225	94.1%
Cape Verde	96,849	55,897	54,716	97.9%	63,283	53,279	51,519	96.7%	70,595	68,077	65,690	96.5%
Georgia	621,360	213,860	100,401	46.9%	688,607	312,638	31,302	10.0%	513,241	244,174	6,562	2.7%
Kyrgyz Republic	68,806	12,000	8,248	68.7%	48,834	10,089	6,581	65.2%	72,291	6,091	3,245	53.3%
Mongolia	71,146	17,952	15,101	84.1%	80,086	18,732	16,277	86.9%	64,237	18,210	15,286	83.9%
Pakistan	5,390,009	4,775,255	4,557,142	95.4%	5,953,902	5,450,261	5,235,525	96.1%	6,197,304	5,775,157	5,521,262	95.6%
Paraguay	1,098,733	72,824	69,349	95.2%	1,057,067	46,567	42,275	90.8%	1,074,715	41,912	36,736	87.7%
Philippines	5,266,541	1,827,039	1,227,661	67.2%	6,720,351	2,322,588	1,585,860	68.3%	6,300,265	2,358,534	1,673,980	71.0%