

Guide to exporters for GSP+ regime of the EU

With effect from January 1, 2014 Pakistan has been granted GSP+ by the EU which covers 28 countries of the Union. By virtue of GSP+ Pakistan's exports will have no import duties to the EU member countries. Under GSP+, 6274 tariff lines are eligible for duty reductions, of which 6269 are duty free. This means that 96% of Pakistan's products to the EU will become duty-free.

The EU has granted GSP+ to 10 countries which are: Armenia, Bolivia, Cape Verde, Costa Rica, Ecuador, Georgia, Mongolia, Paraguay, **Pakistan** and Peru. All these countries have ratified and implemented international conventions relating to human and labor rights, environment and good governance. Although, the GSP+ status has been awarded for a period of 10 years but there will be periodic reviews by the EU over these conventions. The GSP+ status can be suspended if a country fails to show its progress over these conventions.

According to the recent communiqué of the EU, "if the customs authorities of an EU Member State accept the customs declaration for release of goods for free circulation after 1 January 2014, the new preferences (based on Regulation 978/2012) will apply". This simply means that goods from Pakistan arriving at the EU part will be eligible for duty cuts.

Products under GSP+ cannot be graduated (products which do not need support to access the EU market). Graduation of products does not apply to GSP+ beneficiaries because they are vulnerable countries with a non-diversified export base. "Graduation" always applies to the whole group of products in a specific section/subsection.

Below we have simulated some core textile and garment products of Pakistan on the EU's Export Helpdesk website in order to help our members understand the duty structures after January 1, 2014:

HS Code	Description	Exporter - Importer	Import Tariff / EU Law
52081219	Plain weave cotton fabric b/w 100 and 130 g/m ² of width more than 165 cm	Pakistan - Italy	0% (C0267/13)
52094200	Denim fabric of more than 200 g/m ²	Pakistan - UK	0%
61051000	Men's knitted shirts of cotton	Pakistan - Portugal	0%
61072100	Nightshirts and pajamas knitted	Pakistan - Netherlands	0%

61169200	Gloves, mittens and mitts of cotton knitted	Pakistan - Greece	0%
62034231	Men's trousers of denim	Pakistan - Denmark	0%
62114231	Women's tracksuits of cotton with lining	Pakistan - Belgium	0%
63023100	Bedlinen of cotton	Pakistan - Austria	0%
63039100	Curtains of cotton	Pakistan - Romania	0%

As per our understanding, 2014 will be considered as a base year where unlimited quantities will be allowed duty free access. After 2014 other rules of GSP+ may come under force, according to which the tariff preferences will be suspended if the average value of import of any textile item increases by 14.5% over three successive years.

Other General Safeguards may also come into force (Art. 22) according to which tariffs can be suspended if the EU consider that excessive imports can cause "serious difficulties" to domestic EU industry. GSP+ trade preferences may also be suspended on products if their share from the exporting country is more than 6% of total imports into the EU of that item.

After every 2 years the European Commission will present its report on implementation of the Conventions to the European Parliament and the Council. And after 5 years the Council will review the scheme, including all special incentive arrangements.

We will keep our members updated on any new development on the said scheme as time progresses and things become clearer.

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