



Mid-Term Evaluation of the EU's Generalised Scheme of Preferences (GSP)

Final Interim Report

Prepared by DEVELOPMENT Solutions
[21 September 2017]

The views expressed in the report are those of the consultant,
and do not present an official view of the European Commission.

DEVELOPMENT
Solutions



EU, of which EUR 15.2 billion worth of RMGs in 2016. Its exports to the EU account for 43.6 per cent of Bangladesh's global exports. The withdrawal of EBA preferences would reinstate the Common Customs Tariff and would severely impact the country's competitive advantage, in particular with respect to countries with similar competitive advantages such as Cambodia and Pakistan.

In the case of Bangladesh, the EU has taken the approach of enhanced engagement and stronger cooperation to improve workers' rights and occupational safety standards in the country. Since 2013, several activities have taken place to improve labour rights and standards, including safety audits in RMG factories, the launch of the Better Work Bangladesh Programme and increased resources to improve fire security.⁷²⁷

As noted in the literature review, Article 19 has not been equally and consistently applied by the European Commission in case of severe and systematic of labour and human rights. This has also been argued by various civil society organisations in communications with the Commission, including in the stakeholder consultation for the present Evaluation.⁷²⁸

This may be illustrated with the case of Cambodia. Cambodia's exports to the EU have increased significantly since 2009 as a result of the EBA preferences. In 2016, the EU was the main export destination, accounting for 37 per cent of Cambodia's global exports.⁷²⁹ A wide range of industries benefits from the trade preferences, including land-intensive industries such as sugar and rice.⁷³⁰ As a result of the increased production of sugar and rice, there have reportedly been severe human rights violations in the form of widespread displacement, violent evictions and land grabbing in order to issue land concessions to these industries. In this context, the UN and civil society have issued clear statements on the negative impact of these land concessions on human rights in Cambodia.⁷³¹

The Commission has not triggered Article 19 in response to the reported human rights violations in Cambodia. Similar to the case of Bangladesh, the EU has increased its development cooperation with the country with a special focus on the country's land sector reform. The EU's Multi-Annual Indicative Programme 2014-2020 further illustrates this commitment as it focuses cooperation in agriculture and natural resource management, basic education and skills development and governance and administration.⁷³²

Numerous civil society organisations have criticised the European Commission's approach to the situation in Cambodia. They argue that the approach has not been

⁷²⁷ European Commission. (2016). Joint Conclusions Second Follow-up Meeting on Bangladesh Sustainability Compact. Available at: http://trade.ec.europa.eu/doclib/docs/2016/january/tradoc_154181.pdf

⁷²⁸ Act Alliance. (2016). Available at: : http://actalliance.eu/wp-content/uploads/2016/05/Finalized_CSOs-JointLetter-EUs-Commissioner4Trade-EUDelegation-in-PP_Sugarcane-Case_Jan2016.pdf, FIDH. (2017). Available at: https://www.fidh.org/IMG/pdf/2017.05.08_final_fidh-adhoc-licadho-altsean-burma-odhikar-pahra-hrcp_contribution_mid-term_evaluation_of_the_eu_gsp_qd_ca_ag.pdf Human Rights Watch. (2017). Available at: <https://www.hrw.org/world-report/2017/country-chapters/cambodia>.

⁷²⁹ European Commission. (2017). European Union Trade in Goods with Cambodia. Available at: http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113362.pdf

⁷³⁰ International Federation for Human Rights et al. (2017). Contribution to the Mid-Term Evaluation of the EU GSP. Available at: https://www.fidh.org/IMG/pdf/2017.05.08_final_fidh-adhoc-licadho-altsean-burma-odhikar-pahra-hrcp_contribution_mid-term_evaluation_of_the_eu_gsp_qd_ca_ag.pdf

⁷³¹ Human Rights Council. (2012). Report of the Special Rapporteur on the situation of human rights in Cambodia. Available at: http://www.ohchr.org/Documents/HRBodies/HRCouncil/RegularSession/Session21/A-HRC-21-63-Add1_en.pdf; International Federation for Human Rights et al. (2017). Contribution to the Mid-Term Evaluation of the EU GSP. Available at: https://www.fidh.org/IMG/pdf/2017.05.08_final_fidh-adhoc-licadho-altsean-burma-odhikar-pahra-hrcp_contribution_mid-term_evaluation_of_the_eu_gsp_qd_ca_ag.pdf

⁷³² EEAS. (2017). *Cambodia and the EU*. Available at: https://eeas.europa.eu/headquarters/headquarters-homepage/1006/cambodia-and-eu_en

effective as the human rights violations continue and there is a lack of political will in Cambodia to substantially improve the situation. Civil society organisations further criticise the EU's hesitance to withdraw the EBA preferences in order to incentivise the country to adhere to the fundamental human rights.⁷³³

Another case that may demonstrate a lack of consistent application of Article 19 is the case of Myanmar/Burma. EEC trade preferences had been suspended since 1997 following labour rights violations concerning forced labour, but Myanmar/Burma's status as EBA beneficiary was reinstated in 2013, once the required conditions were fulfilled following the assessment of the ILO. The reinstatement of trade preferences had a significant economic impact, as exports to the EU increased from EUR 192 million in 2013 to EUR 963 million in 2016.⁷³⁴

Despite significant progress and wide-ranging reforms in the country, there remain reports on severe human rights violations. These violations include discrimination against ethnic and religious minorities, conflict-related violence and regression of the freedoms of expression, speech, assembly and association. Although Myanmar/Burma's cooperation with UN Special Rapporteur (Yanghee Lee) continues, her full access to areas to discharge her mandate in an appropriate manner remains an issue. An independent international fact-finding mission was established by the UN Human Rights Council in March 2017.⁷³⁵

It is argued that the human rights violations qualify for temporary withdrawal under Article 19 of the Regulation. However, the European Commission has been reluctant to withdraw the EBA preferences. An explanation could be that the previous withdrawal had little impact on enhancing compliance with human rights and labour rights. This is due to the limited levels of trade the country had with the EU prior to withdrawal, which restricted the EU's leverage in the country.⁷³⁶ In this context, stakeholders have suggested that Myanmar/Burma would better benefit from trade preferences of the type that GSP+ grants to condition human rights and labour standards.⁷³⁷

The social impact of the scheme is two-fold. On the one hand, the scheme generates additional revenue and thus potential additional resources for social development policies. Furthermore, the conditionality of the scheme can be an incentive for beneficiaries to adhere to fundamental labour and human rights. On the other hand, the GSP can have a negative impact through stimulating trade and production, which could result in practices to favour selected economic and political elites through unfair practices such as e.g. land grabbing.

8.3. Social and human rights impact of the GSP+

GSP+ status is granted to beneficiaries based on vulnerability criteria and the ratification and implementation of the 27 international conventions on human rights, labour rights, environmental protection and good governance. The reformed scheme has granted

⁷³³ ACT Alliance. (2016). *NGO letter to Commissioner Malmström and HR Mogherini*. Available at: http://actalliance.eu/wp-content/uploads/2016/05/Finalized_CSOs-JointLetter-EUs-Commissioner4Trade-EUDelegation-in-PP_Sugarcane-Case_Jan2016.pdf

⁷³⁴ European Commission. (2017). Trade in goods with Myanmar. Available at: http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113423.pdf

⁷³⁵ UNODC. (2016). *Report of the Special Rapporteur on the situation of human rights in Myanmar*. Available at: <https://documents-dds-ny.un.org/doc/UNDOC/GEN/N16/272/60/PDF/N1627260.pdf?OpenElement>

⁷³⁶ Ark et al. (2016) The integration of EU development, trade and human rights policies. Available at: <http://www.fp7-frame.eu/frame-reps-9-4/>

⁷³⁷ International Federation for Human Rights et al. (2017). Contribution to the Mid-Term Evaluation of the EU GSP. Available at: https://www.fidh.org/IMG/pdf/2017.05.08_final_fidh-adhoc-licadho-altsean-burma-odhikar-pahra-hrcp_contribution_mid-term_evaluation_of_the_eu_gsp_gd_ca_ag.pdf