

GSP+ – brief for Press Conference Friday 19 December

Secretary Domingo, Undersecretary Cristobal, colleagues and friends,

Yesterday, the European Parliament confirmed the European Commission's Decision to grant the Philippines GSP+ status. The new scheme will enter into force on the day following its publication in the European Union official journal in the coming weeks.

This is very good news for the Philippines as it will bring tariffs down to 0% for around two thirds of tariff lines including strategic products that the Philippines is already exporting to the EU. This will immediately translate into savings of tens of millions of Euros per year in foregone customs duties.

This measure gives the Philippines a comparative advantage and represents very concrete support from the European Union to the Philippine strategy to increase exports and investments, and diversify its industry. It will create more jobs for Filipinos.

What does this mean in practice? GSP+ effectively brings down

tariffs of numerous strategic Philippine exports to zero per cent. It will provide duty free entry to the EU for some of the most important Philippine exports. Overall, the GSP+ preferences will cover over 6200 tariff lines. Let me give some examples of the scale of the tariffs existing today to make more clear the significance of this move:

- Pineapple juice: duties of 28.5%
- Garments (currently 5-9%); and footwear (currently 11.9%).
- Preserved fruits (currently 6-9%);
- Tuna (currently 20.5%);
- Fruit jams and jellies (currently 20.5%)

The tariffs for all these goods entering the EU will now be reduced to zero.

In addition, the EU unilateral concession significantly improves the attractiveness of the Philippines as a destination for new investments. Foreign and domestic investors will put more resources in the Philippines, in facilities that produce the goods benefiting from 0% tariffs. This will translate into more

competitiveness for the Philippines and more jobs for Filipinos. Some of Europe's investors already informed me of expanding their production facilities and employing additional staff.

So what is 'GSP+'?

The philosophy of the Generalized Scheme of Preferences Plus is that of an incentive for countries having ratified core international conventions on human and labor rights, environmental protection and good governance, to ensure that the implementation of those conventions does not deteriorate and improves over time. A regular dialogue with beneficiaries provides the necessary follow-up.

At the beginning of 2014, the Philippines government decided to apply for the EU GSP+ scheme. The final step for accepting the application came yesterday at the European Parliament. Earlier, the European Commission had reviewed the application and recommended to grant GSP+ to the Philippines. In the coming years, improvement in the implementation of the 27 conventions will further confirm the commitment of the Philippines to improve governance in several areas. Improvement in governance will also contribute to a better perception by international business and will bring progressively more foreign investment.

With the Philippines Congress and Senate further pursuing important economic reforms, including an upcoming competition law, customs modernisation, and the government further simplifying business and reforming its public procurement practice, the Philippines can become the next best investment location in the region.

I am happy that the European Union – through GSP+ - is contributing to this.

On this positive note, I wish you all a Merry Christmas.

Thank you.