

**Speech delivered by H.E. David Daly, Ambassador of the European Union to Sri Lanka
To the Association of Sri Lankan Apparel Exporters,
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"GSP+: A Tale of Three Cities"

With full apologies to Charles Dickens, I think it is useful to think of the GSP+ issue as A Tale of Three Cities - Geneva, Colombo and Brussels.

I do not say that "It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness, it was the epoch of belief, it was the epoch of incredulity ..." That, I leave to Dickens.

However, it is true to say that because of the position of the Government under President Sirisena and its commitment to improving the human rights situation here in Sri Lanka, that the time is more propitious than it used to be to have a conversation with the EU on the GSP+ issue.

GENEVA

The Generalised System of Preferences is an international trade mechanism. As such it must be defended before the WTO in Geneva which regulates international trade rules.

As you know, the basic rule of the WTO is that all member countries should treat all others equally - all are, in principle, entitled to "Most Favoured Nation" treatment.

The GSP is an exception to this fundamental principle and it must be justified to the WTO and the international community. Among the justifications of the GSP are factors such as it increases trade generally and it helps poor developing countries which are in a particularly difficult or vulnerable position.

Measures taken under the GSP must be taken for objective reasons and not just because we want to help a country for political reasons.

So, what is the GSP and what is the GSP+?

The GSP grants a tariff reduction on around 66% of the products imported into the EU. Currently 34 countries benefit from this reduction, including Sri Lanka. In the clothing sector, for example, the average import duty into the EU is around 12% and the GSP gives a reduction of 3% making the effective rate 9% for Sri Lanka.

The purpose of the GSP+ is to encourage beneficiary countries to effectively implement the core international conventions on human and labor rights, environmental protection and good governance.

Currently there are 13 countries benefitting - Armenia, Bolivia, Cape Verde, Costa Rica, El Salvador, Georgia, Guatemala, Mongolia, Pakistan, Panama, Paraguay, Peru and the Philippines.

Among the criteria used to determine a country's eligibility is that it must be a lower income, or lower-middle income developing country. This is effectively determined by the annual World Bank classification.

Obviously the GSP+ is designed to give an incentive to countries to improve their performances under these international conventions: it gives zero duty access to the EU market of over 500m.

In justifying a GSP+ measure it is important to remember that when the UN establishes a new International Convention it gives the responsibility for monitoring compliance with that convention to a specific body e.g. A Labour Convention would be monitored by the ILO, or another Convention would have a Special Rapporteur, assigned to do this. The reports of these international monitoring bodies are important for reasons I will explain in a few minutes.

To sum up: the importance of Geneva is to understand that the EU cannot just do whatever it likes on granting extra trade preferences; we must abide by the international trade rules which we have agreed to in the WTO.

COLOMBO/SRI LANKA

The most important part of the GSP+ story is played out in Sri Lanka for the very obvious reason that it is through compliance with the 27 International Conventions that merits the granting, or not, of the GSP+.

The various Conventions include the International Covenant on Civil and Political Rights (ICCPR), the Convention Against Torture and the Convention on the Rights of the Child, the Kyoto Protocol on Climate Change, the UN Convention Against Corruption, the Convention on Biodiversity.

You can see the range of the challenges involved for a country embarking on the GSP+ road. Many people want to discuss GSP+ with me but what they have in mind is a discussion about t-shirts or other export products; my idea of a discussion about GSP+ is one about torture or freedom of the media, or about the PTA, or environmental or other issues flowing from the 27 Conventions.

Compliance with these Conventions is about concrete situations on the ground; it is not only about sincere commitments from the Government. That is why it is neither easy nor quick.

Some recent examples:

First example: when the Police reacted violently against the students recently it begs at least two questions; firstly, to what degree is there a culture of violence embedded within the police and other branches of the security services? Secondly, what is the government doing about it? What type of investigations? What type of follow-up?

Second example: Last week the UN WG on Enforced Disappearances was here, meeting families of those who have disappeared. Obviously this is a very sensitive issue for all concerned. The WG reported that some of the people with whom they met were subsequently questioned in relation to their visit. Is this true? Is this still happening? Did the government sanction this, or, was it aware of it? To what degree is the government fully aware of the situation on the ground?

These examples raise these rather obvious questions.

These are the sort of issues which the EU is discussing with the government in terms of our joint preparatory work on the GSP+ about which I will say more in a few moments.

BRUSSELS

When a country formally applies for the GSP+ the European Commission and the European External Action Service (EEAS) must give their joint assessment of the application within 6 months. It sends this assessment to the Council of the EU where the 28 member state governments sit, and also to the European Parliament; if the Commission's assessment is positive then it becomes a legislative proposal to grant the GSP+. The Council and the European Parliament both have to agree and normally they do this within 2-4 months.

The European Commission/EEAS in making their assessment must take into account the most recent reports of the international monitoring bodies responsible for the 27 international conventions. This is to help to justify the measure at the WTO, to show that the EU decides the case objectively on its merits. For example, if the latest report of the UN on Sri Lanka's compliance with the ICCPR were very negative, then obviously things would have to improve before the Commission could justify granting the GSP+.

Naturally we look at each case on its merits and our approach is the same; it is the particularities of each case which is different. Sometimes people ask me "Why not Sri Lanka when you have given it to country X or Y?" We do not judge Country A or B in terms of the situation of country X or Y. We have the same approach to all and decide on the merits of the case.

The EU adopted a new GSP regime from last year. Under this new GSP there is an important ongoing monitoring of commitments and compliance after the GSP+ is granted to a country. Every year the European Commission produces a scorecard on compliance and every two years it does a formal report on the country. This work is not done in a vacuum; instead we establish with the country an EU GSP+ monitoring mechanism to ensure a continuous dialogue on all GSP matters; the onus is on the beneficiary country to show a positive record in implementing the conventions.

One of my esteemed Trade colleagues, a key expert on GSP+, put the new monitoring mechanism in the following way: " Before a country gets the GSP+ they love to see me coming to visit; after the country gets the GSP+ they seem to like me coming to visit a lot less"

Brussels and Colombo

The work on GSP+ has already started.

In March we had high level trade talks here in Colombo with EU trade officials. We started a process which may lead to the granting of the GSP+ over time.

At the EU-Sri Lanka Joint Commission in April, also in Colombo, we established a new Working Group on Governance, Rule of Law and Human Rights. This new forum shows our commitment to having a regular high level discuss on those sensitive, important issues. This forum will also be very important for our GSP+ discussions.

We are in intensive discussions with the Sri Lankan authorities on these issues, in both Brussels and Colombo. This is normal; this is necessary; this preparatory work is needed so that we can see more clearly together through a very complex process.

To give an example of this complexity: to be successful on GSP+, it is very important that any positive report by the European Commission and the EEAS reaches the EU Council and the European Parliament only after the IUU fisheries issue is resolved. To still have an IUU Red Card would be very negative for any GSP+ proposal.

Last week there was an important mission here from the fisheries department of the European Commission. The mission ended positively, registering the progress which Sri Lanka has made over the past months. Of course, there are still things to be done and the European Commission agreed a new and realistic Action Plan with the government for those remaining things to be done over the coming months.

We could not have started this conversation on GSP+ without the strong commitments made by President Sirisena and his government in terms of improving governance, rule of law and human rights. Over the past few months a number of good measures have been taken and these are very encouraging.

The EU does not expect Sri Lanka, or any country, to become a perfect place overnight; but we are looking to see a country on the move towards substantial better compliance with the Human Rights Conventions, and others, which it has signed up for. Then we look to see that the process of improved Human Rights is sustainable.

Last week the 28 EU Foreign Ministers issued a very important statement on Sri Lanka, welcoming the progress made and encouraging other things to be done over the coming months and years.

Some people ask me "Can we rise to this challenge?".

For me the answer is clear; Sri Lanka can certainly do it, but only if it wants to; and if it makes the necessary effort. But this is not a box-ticking exercise; it is a process which must be sustained over time.

All this is within your hands as a country, as economic operators and as citizens.

I want you to lobby for the GSP+; but not only in terms of saying to your government "Please get us back the GSP+ because it is important for my company".

Lobby your government by asking these obvious questions about the state of human rights in the country etc.

So, when you ask me "Ambassador, When can we get the GSP+?", remember that I will answer by throwing the question back to you:

"What do you think of the state of the country?" ,

"Are the 27 International Conventions being complied with?"

" Is the progress sustainable?"

Finally, I want to reiterate that the GSP+ issue is in your hands, here in Sri Lanka. In the words of one of Sri Lanka's most famous Foreign Ministers, Lakshman Kadirgamar, "The cake was baked at home."

Thank you for your attention.