

Press Release

EU Trade Preferences (GSP+) Monitoring Report: "Philippines is making good progress on implementation of Conventions"

Today, the European Commission adopted its first GSP Monitoring report to the European Parliament and the Council, including an assessment of Philippines' implementation of 27 International Conventions, on human rights, labour rights, environment and governance.

Preferential imports to the EU amount to over €50 billion in 2015 and the Philippines is increasing its share following its successful application and subsequent granting of "GSP+" preferential treatment on 24 December 2014. In 2014, the Philippines exported €1.15 billion under the GSP-scheme; an amount that is increasing significantly already with GSP+.

Head of EU Delegation Franz Jessen stated that: "GSP+ is offering the Philippines enormous export opportunities. Whereas Philippines' exports to most countries have gone down in 2015, Philippines' exports to the EU grew by over 19% in the months Jan-Sep 2015 compared to the same period in 2014. This is to a large extent attributable to GSP+ benefits granted in December 2014. Moreover, the Philippines is showing a very constructive engagement during the GSP+ mission end of last year with open and frank discussions on human and labour rights notably. This is the idea behind GSP+: an open dialogue and engagement on implementing the Conventions that EU and the Philippines ratified. I look forward working together with the Philippines on these issues as well as other means towards increasing our trade."

In the first six months of 2015, exports of PH to EU under GSP increased by 27% (from EUR 584 million to EUR 743 million). Largest increases included animal products (+157%); fish and related products (+41%); cereals, flour, nuts, etc. (+46%); prepared foodstuffs (+72%); but also chemicals (+42%); plastics (+46%); wood and wood charcoal (+199%); and footwear (+230%).

The report assesses implementations and dialogue on 27 international conventions. For instance, on human rights, it is noted that while more remains to be done, since 2010 the Philippines has strengthened the country's human rights legal framework and that the number of extra-judicial killings and enforced disappearances has substantially declined. The launching of a national monitoring mechanism for extra-judicial killings is commended as an important step forward

On labour rights, important progress has been made by the current administration to improve awareness and implementation of labour and employment policies, and to ensure compliance with the eight fundamental ILO conventions. This is particularly the case at the level of national authorities, but challenges continue to arise in the regions and sub-regions, especially in areas with high levels of unemployment, such as fisheries, mining and extractive industries sectors. In particular, the Department for Labor and Employment has been focusing on labour rights issues in the tuna industry, in consultation with workers and employers, to help improve the labour rights of employees.

The EU will continue to work closely with the Philippines through the ongoing GSP+ monitoring process, seeking to provide support to ensure that continued and tangible progress is made on implementing the 27 international conventions.

Background

Since 1971, the EU Generalised Scheme of Preferences ('GSP') has assisted developing countries in their efforts to reduce poverty, promote good governance and sustainable development. By providing preferential access to the EU market, the GSP helps developing countries generate additional revenue through international trade. Regulation (EU) No 978/2012 of the European Parliament and the Council of 27 October 2012 on applying a scheme of generalised tariff preferences ('the GSP Regulation') is the legal framework for the GSP. The scheme is in line with WTO law, having been introduced under the so-called 'Enabling Clause', which allows an exception to the WTO 'Most-Favoured Nation' principle.

The GSP Regulation requires the Commission to submit a report to the European Parliament and the Council on the functioning of the GSP scheme, once every two years, beginning from 1 January 2016.

The report is required to cover the effects of all three preferential arrangements of the GSP over the previous two years. However, the GSP Regulation requires that the report take a particular focus on the GSP+. The report should detail beneficiary countries' ratification, reporting, and effective implementation of the relevant conventions.

Thus, this report covers all three elements of the GSP: the Standard GSP scheme, the EBA scheme, with a particular focus on the GSP+ scheme.

The Special Incentive Arrangement for Sustainable Development and Good Governance, ('GSP+') grants complete duty suspension for essentially the same 66% tariff lines, as the Standard GSP, for countries especially vulnerable in terms of their economies' diversification and import volumes. In return, beneficiary countries must ratify and effectively implement 27 core international conventions, as listed in Annex VIII of the GSP Regulation. These conventions cover human and labour rights, environmental protection, and good governance. There are currently 13 GSP+ beneficiaries.

In 2014, almost EUR 50.8 billion of imports received GSP preferences as follows: EUR 27.3 billion of imports from countries under the Standard GSP, around EUR 6.5 billion of imports from GSP+ beneficiaries and EUR 17 billion of imports from EBA countries.

The Philippines was already a beneficiary to EU's Generalized Scheme of Preferences (GSP), but successfully applied and was granted GSP+ on 25 December 2014 – providing 0% tariffs for two thirds of export products (tariff lines). Total exports to the EU that were eligible under GSP in 2014 amounted to €1.7 billion or 33% of total exports to the EU. Actual utilization was around 67% or €1.15 billion Total exports from the Philippines to the EU were €5.7 billion in 2014 of which €1.15 billion through GSP). Since GSP+, these figures have gone up substantially already and during the first six months exports increased to €3.3 billion, of which €681 million under GSP+.

The European Union provides GSP+ preferences to create economic benefits that will help the Philippines to assume its responsibilities under core international conventions on human and labour rights, environmental protection and good governance. The EU, which is also a party to these conventions, will keep under review their effective implementation by the Philippines, as well as its cooperation with their monitoring bodies.

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